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<b>TRANSMITTAL FORM</b> <i>(to be used for all correspondence after initial filing)</i>	Application Number	09/488,107
	Filing Date	January 20, 2000
	First Named Inventor	Warren E. Friss, et al.
	Group Art Unit	3624
	Examiner Name	Jagdish N. Patel
Total Number of Pages in This Submission	Attorney Docket Number	23616.001

ENCLOSURES (check all that apply)		
<input type="checkbox"/> Fee Transmittal Form <input type="checkbox"/> Fee Attached <input type="checkbox"/> Amendment / Response <input type="checkbox"/> After Final <input type="checkbox"/> Affidavits/declaration(s) <input type="checkbox"/> Extension of Time Request <input type="checkbox"/> Express Abandonment Request <input type="checkbox"/> Information Disclosure Statement <input type="checkbox"/> Certified Copy of Priority Document(s) <input type="checkbox"/> Response to Missing Parts/Incomplete Application <input type="checkbox"/> Response to Missing Parts under 37 CFR 1.52 or 1.53	<input type="checkbox"/> Assignment Papers (for an Application) <input type="checkbox"/> Drawing(s) <input type="checkbox"/> Licensing-related Papers <input type="checkbox"/> Petition Routing Slip (PTO/SB/69) and Accompanying Petition <input type="checkbox"/> To Convert a Provisional Application <input type="checkbox"/> Power of Attorney, Revocation Change of Correspondence Address <input type="checkbox"/> Terminal Disclaimer <input type="checkbox"/> Small Entity Statement <input type="checkbox"/> Request for Refund	<input type="checkbox"/> After Allowance Communication to Group <input type="checkbox"/> Appeal Communication to Board of Appeals and Interferences <input checked="" type="checkbox"/> Appeal Communication to Group (Appeal Notice, Brief, Reply Brief) <input type="checkbox"/> Proprietary Information <input type="checkbox"/> Status Letter <input checked="" type="checkbox"/> Additional Enclosure(s) (please identify below): 1. Return postcard 2. Response to Notification of Non-Compliant Appeal Brief (37 CFR 41.37)
Remarks		

SIGNATURE OF APPLICANT, ATTORNEY, OR AGENT	
Firm or Individual name	R. Lewis Gable Cowan, Liebowitz & Latman, P.C.
Signature	
Date	December 21, 2006

CERTIFICATE OF MAILING			
I hereby certify that this correspondence is being deposited with the United States Postal Service via Express Mail certification in an envelope addressed to: Assistant Commissioner for Patents, Washington, D.C. 20231 on this date: <u>December 21, 2006</u>			
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**In the United States Patent & Trademark Office  
Before the Board of Patent Appeals and  
Interferences**

Appellant: Warren E. Friss, et al.

Serial No: 09/488,107

Filed: January 20, 2000

For: METHOD AND APPARATUS FOR OFFERING FOR SALE  
COLLECTIBLES ON PRIMARY AND SECONDARY MARKETS

Examiner: Jagdish Patel

Art Unit: 3624

December 21, 2006

**RESPONSE TO NOTIFICATION OF  
NON-COMPLIANT APPEAL BRIEF (37 CFR 41.37)**

Commissioner for Patents  
PO Box 1450  
Alexandria, VA 22313-1450

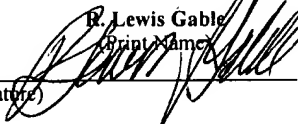
Dear Sir:

This Response is made in response to the Notification of Non-Compliant Appeal  
Brief (37 CFR 41.37) dated November 28, 2006.

Appellants have made a good faith effort to respond to each of the matters of  
informality listed by the Examiner in his Notification and, in particular, to items 1, 4 and 6 of  
Page 1 of the Notification. An AMENDED SECOND APPELLANTS' SUPPLEMENTAL  
BRIEF OF APPEAL is enclosed.

"Express Mail" Mailing Label Number EV 606 063 141 US  
I hereby certify that this paper or fee is being deposited with the United  
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22313-1451 on

December 21, 2006  
(Date of Deposit)

R. Lewis Gable  
(Print Name)  
  
(Signature)

Appellants have inserted in their Brief the items listed in paragraphs (c)(1)(i) through (c)(1)(x) and have only used headings as designated by the aforementioned paragraphs. Appellants have also replaced the heading “SUMMARY OF INVENTION” with the heading “SUMMARY OF CLAIMED SUBJECT MATTER” and, further, have rewritten this summary to provide the concise explanation of the subject matter defined in each of the independent claims involved in this Appeal.

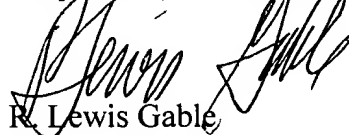
Still further, Appellants have eliminated the section in the prior Brief entitled “ISSUES PRESENTED FOR REVIEW” and has substituted therefore the heading “GROUND OF REJECTION TO BE REVIEWED ON APPEAL.” The Appellants have also added a new section entitled “STATUS OF AMENDMENTS.” Further, Appellants have rewritten each section of the 8 grounds of rejection that are appealed and, in particular, have amended each heading to include the term, “ARGUMENT,” to each of the grounds of rejection as appear respectively at pages 9, 13, 20, 57, 63, 69 and 85. In particular, Appellants have added at each of these pages a separate heading corresponding to the argument of each of the some 8 grounds of rejection.

Repeated withdrawals of this Appeal have denied so far Appellants their right of appeal under 35 U.S.C. Section 134a) to the Board. Since its filing in January 20, 2000, the prosecution of this application has included: 1) a Petition and a Supplemental Petition to Make Special which included the results of our novelty search; 2) five Office Actions and corresponding Applicant’s Amendments; 3) a Notice of Appeal; 4) Appellants’ Brief on Appeal; 5) Sixth Office Action with Appeal Withdrawal; 6) First Supplemental Appeal Brief with Request for Appeal Reinstatement; 7) Seventh Office Action with Appeal Withdrawal;

8) Pre-Appeal Brief Request for Review; 9) Notice of Panel Decision from Pre-Appeal Brief Review; and 10) Second Supplemental Appeal Brief with Request for Appeal Reinstatement. This Amended Second Supplemental Brief on Appeal has been filed in response to the Notification of November 28, 2006.

If the Examiner finds that the format of the new Brief does not fully comply with 37 CFR 41.37, he is requested to place a telephone call to the undersigned to identify and suggest those changes whereby the format of the attached Brief may be brought into full compliance with 37 CFR 41.37.

Respectfully submitted,



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Registration No. 22,479

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23616.001

December 21, 2006

# **In the United States Patent & Trademark Office Before the Board of Patent Appeals and Interferences**

Appellant: Warren E. Friss, et. al.

Serial No: 09/488,107

Filed: January 20, 2000

For: METHOD AND APPARATUS FOR OFFERING FOR SALE  
COLLECTIBLES ON PRIMARY AND SECONDARY MARKETS

Examiner: Jagdish N. Patel

Art Unit: 3624

December 21, 2006

## **AMENDED SECOND APPELLANTS' SUPPLEMENTAL BRIEF ON APPEAL**

Commissioner for Patents  
P. O. Box 1450  
Alexandria, VA 22313-1450

Dear Sir:

### **REAL PARTY IN INTEREST**

The real party in interest is The Topps Company, Inc., assignee of this application from all of the inventors, namely Warren E. Friss and Steven J. Katz.

### **RELATED APPEALS AND INTERFERENCES**

There are no other appeals or interferences known to Appellants or Appellants' legal

representatives that will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

### **STATUS OF CLAIMS**

Claims 34-38, 41, 43-52, 54-57 and 59-141 are currently pending of which all claims have been appealed. The Office Action of June 20, 2005 indicates that claim 70 was allowed and that claims 85, 108, 109, 54 and 55 would be allowable if rewritten in independent form including all of the base claims and any intervening claims. The claims on appeal are set forth in the previously filed Appendix.

### **STATUS OF AMENDMENTS FILED SUBSEQUENT TO FINAL REJECTION**

The sole Final Office Action was filed on October 19, 2001. Thereafter, the following Responses/Amendments were filed and entered:

- 1) RCE dated February 20, 2002;
- 2) Amendment dated October 16, 2002;
- 3) Notice of Appeal dated May 28, 2003;
- 4) Appeal Brief dated December 16, 2003;
- 5) Appeal Brief dated August 26, 2004;
- 6) Notice of Appeal dated December 20, 2005; and
- 7) Appeal Brief dated September 5, 2006.

### **SUMMARY OF CLAIMED SUBJECT MATTER**

Independent claim 102 recites a method including step a) offering collectibles of a predetermined condition are offered for sale (screen 24a, p9-ln9 to p10-ln7) ; b) allocating selected collectables to selected of potential purchaser (step 104 of Figure 4, subroutine of Figure 5 and in particular steps122 and 126, p 11-ln 8 to p13-ln7); c) creating for each selected purchaser a record (purchaser history data base 28 and p11-ln 7 to p 12-ln6, steps110 and 111 of Figure 4 ; d) implementing the above steps by a programmed computer (server 22 as programmed by subroutine of Figure 4) ; and e) maintaining the predetermined condition during

the above steps (Figures p13-ln 9 to p14-ln 6).

Independent claim 49 recites a method of offering collectables similar to that of claim 102, but does not recite the allocating or maintaining the predetermined condition steps of claim 102.

Independent claim 71 recites a method substantially similar to that of claim 102; Claim 71 does not recite the step of “creating for each of the selected purchaser a record”, as recited in claim 101

Independent claim 73 recites a server for offering for sale collectibles of an uncirculated/ predetermined condition, the server having a memory (purchaser history data base 28 and server data base 30 – both of Figure 1) and being programmed to (a) store the predetermined/uncirculated condition of each of, the price of each of and the limited number of the collectibles (the price and number of the available collectibles can be entered in step 111 by the data input 18 into the purchaser history database 28 as shown in Figures 1, 2a and 2b, see p10-lns 9 to p11-ln6; p9-lns13 to 17; p13-ln9 to ln20; p14-ln19 to ln21; and p16-ln9 to ln21); (b) transmit at least one offer to the terminals a number of collectables (10, p8-ln13 to ln28), the offer having a condition, the condition of the collectable whereby purchasers transmit orders to the server (see respectively a and b above); and (c) process the orders to allocate the collectibles among the purchasers (see step 104 and flowchart of Figure 5, p12-ln23 to p13-ln7) and create for each successful purchaser a record in the memory for the collectibles allocated to the successful purchaser (purchaser history database 28, flowchart of Figure 4, step 111, p11-ln26 to p12-ln6).

Independent claim 77 recites a method of offering for sale collectibles of a predetermined condition on a primary market and on a secondary market comprising the steps (a) offering for sale an initial placement on the primary market (flow diagram of Figure 3, p10-ln 19 to p13-ln7); b) receiving an order from prospective purchaser and allocation one or more selected collectible to selected of purchasers are similar to steps b and c of claim 73; c) offering for sale as instructed by a successful purchaser a selected of the allocated collectibles on a secondary market (flow diagrams of Figures 6 and 7, and in particular step 140, p13-ln9 to p16-ln21; d) maintaining the predetermined condition during sets a, b and c as carried out by step a) of claim 73; and e)

facilitating as least steps a), b) and c) of each of claims 102 and 73.

Independent claim 110 recites a server managing an initial offering for sale of the collectible of a determined condition as recited in claims 73 and 77; a) store the determined condition of the collectibles offered for sale as recited in paragraph a) of claim 73; b) transmit over a network to a purchaser station an initial offering for a predetermine time and bearing an indication of the condition of the collectibles as recited in step a) of claim 73 (also see flow diagram of Figure 3 and in particular step 58); c) allocating the collectibles among the responding purchasers as recited in the preamble of claim 102; and d) creating a record in a memory for each of the selected purchasers as set out in c) of claim 73.

Independent claim 96 recites a methods for managing including a) storing in a memory the condition of and the number of collectibles of a predetermine condition, and a memory for creating a record of the successful of the selected purchaser similar to that recited in the preamble; b) communicating to potential purchasers an offer to sell a limited number of collectibles in a manner similar to b) of claim 73; c) receiving orders to sell the collectibles (see Figure 1, p8-ln-22 to ln28.; and d) allocating collectibles to selected of the potential purchasers.

Independent claim 137 recites a method of selling two collectibles on a primary market and a secondary market similar to the preamble of claim 77, a) determine the condition of the one collectible as recited in a) of claim 73, c) effecting the sale of the one collectible on the primary market in a manner similar to recitation b) of claim 110; d) facilitating the first purchaser to offer for sale on the secondary market as recited in a manner similar to c as recited in claim 77; e) selling the one collectible from the first purchaser to the second purchaser on the secondary market as recited (flow diagram of Figure 7 and in particular to step 162); f) implanting steps b) – e) as implemented by a programmed computer in d) recitation of claim 137; and g) maintaining the condition of the collectibles throughout the primary markets by determining whether the collectible is predetermined.

Independent claim 131 recites managing the initial offering of collectibles in a manner similar to that recited in the preamble of claim 110; a) keeping the collectibles of a predetermined condition in a protective environment in a manner similar to that recited in the



preamble of step e) of claim 102; b) initially offering the collectables for sale on an initial market in a manner similar to that described in b) recitation of claim 137 ; c) determine the successful purchaser of collectables on the initial market as similarly carried out in step b) of claim 110; and d) provides each successfully purchaser the option to remove its collectible from the predetermined condition or to continue to keep the collectable in the protective environment (flow diagram of Figure 5 and in particular Steps 128 and 130), and steps b) – d) of claim 131 are implemented by a programmed computer as shown in step 137; and d) maintaining the condition at least during step b) whereby the condition of the one collectable may be guarantied to be the initial condition.

Independent claim 133 recites the managing of the sale of one collectable from a first purchaser to a second purchaser (the flow of steps as shown in Figure 7 and, in particular, in step 162, p14-ln7 to p16, ln21 and originally filed claims 21, 23 and 26); a) initially determining the condition of the one collectible in a manner similar to the preamble of claim 77; b) offering for sale of the one collectible to the first purchaser in a manner similar to that described in the preamble of claim 110; c) constructing a data base with first and second records in a manner similar to the memory described in paragraph c) of claim 131; d) transmitting one collectible form a first purchase to the second purchaser as described as described above in the preamble of this claim; e) implementing steps b) – d) by a programmed computer in a manner similar to that described in paragraphs a) – d) of claim 102; and e) maintaining the condition of collectible through steps a) – d) in a manner similar to that of paragraphs a) – d) of claim 102.

Independent claim 62 recites a method of selling uncirculated collectables on a primary market and on a secondary market and the maintenance of the collectables in their uncirculated condition in a protective environment in a manner similar to that of preamble of claim 77; a) inputting data to a programmed computer that is indicative of each of the uncirculated collectable (Figure 1, data input 34, p10-ln 9 to p11-ln 6, p11-ln 26 to p12-ln 6) that are maintained in the protective environment (p9-lns13 to 17, p13-ln 21 to p14-lns 17, and p16-lns 9 to 21); b) communicating an initial offer for sale of the uncalculated collectibles (Figure 3, p10-ln 19 to p11-ln 6); c) receiving a plurality of orders (Figure 4); and d) communicate with each purchaser

a message to prompt purchaser to select on of a plurality of options: i) keep the collectibles in the protective environment, ii) offer the collectibles for sale on the secondary market, and iii) forward the identified collectibles to one of the purchasers (Figure 4, p12-ln 8 to p13-ln 20).

Independent claim 69 recites a method of managing a sever to enable a purchaser to transmit orders for uncirculated orders by a) transmitting an initial offering to the prospective purchasers in a fashion similar to that recited in step b) of claim 62; b) receiving orders from corresponding purchaser in a manner similar to step c of claim 62; and c) transmitting messages to prompt the purchaser to carry out select of: i) keeping the purchaser's collectibles in a protective environment, and ii) offering the collectibles on a secondary market that had been purchased on the primary market in a manner similar to that of recitation d) of claim 62 (Figure 4, p12-ln 8 to p13-ln20).

Independent claim 115 recites a method of managing the sale and distribution of at least one collectible as if the purchaser had selected the option iii) of forwarding the collectible to one of the purchasers as recited in claim 62. In particular, claim 115 recites: a) offering the collectible for sale (Figure 3); b) effecting the sale of the one collectible to the one purchaser (Figure 4); c) receiving a request from a purchaser to distribute the sold collectible (p13-ln 9 to ln 20) and encapsulating the one sold collectible (p13-lns11 to ln17); d) maintaining the predetermined condition during steps a) and b) (p16-lns9 to 20); e) at least steps a) to c) being implemented by programmed computer (Figures 3, 4 and 5 –step 130); and f) distributing the encapsulate collectible (p13-lns11 to 13).

Independent claim 119 recites a method of selling collectibles on each of a primary market and a second market, each of the collectibles being of a predetermined condition, comprising a) offering the collectibles of a given condition for sale on the primary market (Figures 3 and 4, p5-ln 23 to p 6-ln 2); b) facilitate an original purchaser to purchase a collectible of a give condition on the primary market and to offer it to a subsequent purchaser; and c) facilitating a subsequent purchaser to offer a sold collectible to a subsequent purchaser, steps a) – b) being implement by a programmed computer (Figures 3 – 7).

Independent claim 123 recites a method of selling at least one collectible on a primary

market, resell the one sold collectible on a secondary market ( Figures 3 and 4, p5-ln 23 to p6-ln 2) and keeping track of these sale and resale on a database (p6-lns4 to 16); the method comprising a) responding to a sale on the primary market to create a record in the data base identifying the sold collectible and the original purchaser who owns it (p5-ln 23 to p6-ln 7, p11-ln 8 to p12-ln6); b) respond to the resale on the secondary market to create a record in the data base for receiving data identifying the subsequent purchaser of the resold collectible (p13-ln22 to p16-ln21); and c) steps a) and b) are implemented by a programmed computer (Figures 5 – 7, steps 130 and 166).

### **GROUND OF REJECTION TO BE REVIEWED ON APPEAL**

Eight grounds for rejection are presented for review in this appeal:

(1) The first ground of rejection reviews whether the Examiner has failed to construct a record based upon the related judicial and statutory authorities as discussed below.

(2) The second ground of rejection reviews whether the Examiner has constructed a record that satisfies the “sufficient evidence” standard to conclude that Claims 72, 41, 43-45, 47, 48, and 50-52 are indefinite under 35 U.S.C. §112, second ¶.

(3) The third ground of rejection reviews whether the Examiner has constructed a record that satisfies the “sufficient evidence” standard to conclude that Claims 102, 103, 49-51, 56 and 57 are anticipated under 35 U.S.C. §102(b) over U.S. Patent Nos. 5,845,265 or 6,266,651 of Woolston.

(4) The fourth ground of rejection reviews whether the Examiner has constructed a record that satisfies the “sufficient evidence” standard to conclude that claims 71, 72, 34-38, 44-48, 59-61, 73-76, 77-84, 86-95, and 110-115 are obvious under 35 U.S.C. § 103(a) over U.S. Patent Nos. 5,845,265 or 6,266,651 of Woolston and further in view of U.S. Patent No. 6,606,608 of Bezos, and being deemed to be “Non-Functional Descriptive Material.

(5) The fifth ground of rejection reviews whether the Examiner has constructed a record that satisfies the “sufficient evidence” standard to conclude that claims 96-101, and 137-141 are obvious under 35 U.S.C. § 103(a) over U.S. Patent Nos. 5,845,265 or 6,266,651 of Woolston in view of U.S. Patent No. 6,606,608 of Bezos.

(6) The sixth ground of rejection reviews whether the Examiner has constructed a record that satisfies “the sufficient evidence” standard to conclude that claims 131-136 are obvious under 35 U.S.C. § 103(a) over U.S. Patent Nos. 5,845,265 or 6,266,651 of Woolston and that any difference in the aforementioned claims and the cited references is disclosed by the subject matter of which the Examiner has taken official notice.

(7) The seventh ground of rejection reviews whether the Examiner has constructed a record that satisfies “the sufficient evidence” standard to conclude that claims 41, 43, 52, 62-69, 82-85 104-107 and 115-118 are obvious under 35 U.S.C. § 103(a) over U.S. Patent Nos. 5,845,265 or 6,266,651 of Woolston, and is disclosed by the subject matter of which the Examiner has taken Official Notice, is inherent in view of the cited reference, and/or that any difference in the aforementioned claims and the cited references is “Non-Functional Descriptive Material” and therefore is ignored in determination of patentable subject matter.

(8) The eighth ground of rejection reviews whether the Examiner has constructed a record that satisfies the sufficient evidence standard to conclude that claims 119-130 are obvious under 35 U.S.C. § 103(a) over U.S. Patent Nos. 5,845,265 or 6,266,651 of Woolston, and that any difference in the aforementioned claims and the cited references is “Non-Functional Descriptive Material” and therefore is ignored for determination of obviousness and, further, is inherently taught by the above noted references.

**ARGUMENT: The First Ground of Rejection Reviews Whether the Examiner  
Has Failed to Construct a Record Satisfying the “Substantial Evidence” Standard  
Defined by the Case Law Below**

The Supreme Court has held that decisions of the U.S. Patent and Trademark Office (USPTO) must meet a new burden of proof. *Dickenson v. Zurko*, 527 U.S. 150, 50 USPQ2d 1930 (1999). The Federal Circuit now reviews findings of fact under the “substantial evidence” standard of the Administrative Procedure Act (“APA”) to support a conclusion that a claim at issue is unpatentable. *In re Gartside*, 203 F.3d 1305, 1315, 53 USPQ2d 1769, 1775 (Fed. Cir. 2000). To satisfy the “substantial evidence” standard and, therefore, establish a *prima facie* case of anticipation under 35 U.S.C. 102 or obviousness under 35 U.S.C. 103(a), the USPTO has the

initial burden of establishing unpatentability. *In re Mullin*, 481 F.2d 1333, 1336, 179 USPQ 97, 100 (CCPA 1973). The USPTO (whether an Examiner or the Board of Patent Appeals and Interferences (“Board”)) must make the necessary findings of fact to construct an administrative record containing evidence to support these findings, accompanied by reasons to support a conclusion of unpatentability. *In re Kotzab*, 217 F.3d 1365, 55 USPQ2d 1313 (Fed. Cir. 2000); *In re Zurko*, 258 F.3d 1379, 59 USPQ2d 1693 (Fed. Cir. 2001) (“*Zurko IV*”). After the *Zurko IV* decision, whether a rejection on prior art is sustained by the Federal Circuit depends on whether the USPTO has made an adequate record.

A *prima facie* case requires substantial evidence of all the limitations of the claim being examined. In *In re Kotzab*, the Federal Circuit stated that the mere identification in an applied reference of a particular component that corresponds to a claimed recitation does not satisfy the “substantial evidence” standard. Rather the USPTO is required to make particular findings as to the reasons that a person of ordinary skill in the art, with no knowledge of the claimed invention, would have selected from the applied reference the noted components for combination in the manner claimed. To support a conclusion that a claimed invention lacks novelty under 35 U.S.C. §102, a single reference must teach all of the elements of a claim. *Hybritech Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1379, 231 USPQ 81, 90 (Fed. Cir. 1986).

A prior art reference need not expressly disclose a particular element of a claim, if that element is “inherent” in its disclosure. To satisfy the substantial evidence standard, however, the record must make clear that the missing descriptive matter is necessarily disclosed by the cited reference, and that one skilled in the art would have recognized the inherent disclosure. *In re Robertson*, 169 F.3d 743, 49 USPQ2d 1949 (Fed. Cir. 1999). Whether or not a disclosed element is described in an applied reference may not be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set of circumstances is not sufficient. To support an anticipation rejection based on inherency, the USPTO must provide the factual and technical grounds establishing that the inherent feature necessarily flows from the teachings of the prior art. *Ex parte Levy*, 17 USPQ2d 1461, 1464 (Bd. Pat. App. & Int. 1990).

In *Zurko IV*, the Federal Circuit cautioned against taking official notice of certain subject matter or holding that such matter is inherent in the prior art without providing specific documentary evidence to support these facts. Although the court acknowledged that the USPTO might rely upon its expertise as to peripheral issues, the USPTO could not reach conclusions of patentability based upon its own understanding or expertise with respect to the core factual findings in a determination of patentability. Rather the Board or the Examiner must point to some concrete evidence in the record to satisfy the substantial evidence standard of the APA.

In a memorandum dated February 21, 2002 from Stephen G. Kunin (Deputy Commissioner for Patent Examination Policy), the Patent Examining Corps was advised that:

Official notice without documentary evidence to support an examiner's conclusion is permissible only in some circumstances. While “official notice” may be relied on, as noted in MPEP §2144.03, these circumstances should be rare when an application is under final rejection or action under 37 CFR 1.113. Official notice unsupported by documentary evidence should only be taken by the examiner where the facts asserted to be well-known, or to be common knowledge in the art are capable of instant and unquestionable demonstration as being well-known. *In re Ahlert*, 424 F.2d 1088, 1091, 165 USPQ 418, 420 (CCPA 1970). In appropriate circumstances, it might not be unreasonable to take official notice of the fact that it is desirable to make something faster, cheaper, better, or stronger without the specific support of documentary evidence. Furthermore, it might not be unreasonable for the examiner in a first Office action to take official notice of facts by asserting that certain limitations in a dependent claim are old and well known expedients in the art without the support of documentary evidence provided the facts so noticed are of notorious character and serve only to “fill in the gaps” which might exist in the evidentiary showing made by the examiner to support a particular ground of rejection. *Zurko*, 258 F.3d at 1385, 59 USPQ2d at 1697.

It would not be appropriate for the examiner to take official notice of facts without citing a prior art reference where the facts asserted to be well known are not capable of instant and unquestionable demonstration as being well-known. For example, assertions of technical facts in the areas of esoteric technology or specific knowledge of the prior art must always be supported by citation to some reference work recognized as standard in the pertinent art. *In re Ahlert*, 424 F.2d at 1091, 165 USPQ at 420-21.

It is never appropriate to rely solely on “common knowledge” in the art without evidentiary support in the record, as the principal evidence upon which a rejection was based. *Zurko*, 258 F.3d at 1385, 59 USPQ2d at 1697. As the court held in *Zurko*, an assessment of basic knowledge and common sense that is not based on any evidence in

the record lacks substantial evidence support. *Zurko*, 258 F.3d at 1385, 59 USPQ2d at 1697 (emphasis in original).

The basic rules for analyzing an obviousness rejection under 35 USC §103 were established in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966). A *Graham* analysis requires an inquiry into: (1) the scope and content of the prior art, (2) the differences between the prior art and the claimed subject matter, and (3) the level of ordinary skill in the art at the time the invention was made. To establish a *prima facie* case of obviousness under *Graham*, the USPTO must construct a record that addresses each of the above three inquiries. Further, the prior art relied upon must disclose some suggestion or motivation to one skilled in the art to modify the applied reference or to combine a plurality of references. *In re Fine*, 837 F.2d 1071, 1074, 5 USPQ2d 1596, 1598 (Fed. Cir. 1988).

In *In re Lee*, 61 USPQ2d 1430 (Fed. Cir. 2002), the Federal Circuit commented on combining two references to support a prior art rejection, and rejected the Board's rationale that it was neither necessary to present a source of a teaching, suggestion, or motivation to combine the references and that the conclusion of obviousness may be made from common knowledge and common sense of a person of ordinary skill in the art without any specific hint or suggestion in a particular reference.

The Federal Circuit concluded that the Board has an obligation to make the necessary findings and provide a record showing the evidence on which the findings are based accompanied by the Board's reasoning in reaching its conclusions. The court further noted that in rejecting the claims in Lee's application, neither the examiner nor the Board adequately supported the selection and combination of the cited references. As the factual question of motivation is material to patentability, it could not be resolved on subjective belief and unknown authority. The Board's attempt, according to the court, to substitute common knowledge and common sense for a finding of motivation was viewed as nothing more than the issuance of a conclusionary statement that did not fulfill the USPTO's obligation to set forth reasoned findings. In vacating the Board's decision and remanding the application to the USPTO to make the appropriate findings, the court stated that: "the Board's findings must extend to all material facts and must be

documented on the record, less the 'haze of so-called expertise' acquire insulation from accountability.”

The motivation, suggestion or teaching may come explicitly from statements in the prior art, the knowledge of one of ordinary skill in the art, or, in some cases the nature of a problem to be solved. *In re Dembiczak*, 175 F.3d 994, 999, 50 USPQ2d 1614, 1617 (Fed. Cir. 1999). The motivation also may be implicit from the prior art as a whole, rather than expressly stated in the references. However, whether the USPTO relies on an express or an implicit showing of motivation, it must provide particular findings related to its conclusion, and the showing must be clear and particular. *Id.* Broad conclusionary statements standing alone are not “evidence.” *Id.*

**ARGUMENT: The Second Ground of Rejection Reviews Whether  
the Examiner Has Failed to Show that Appellants' Claims  
are Not Clear and Definite under 35 U.S.C. Section 112**

The Non-Final Office Action dated June 20, 2005 rejects claims 72, 41, 43-45, 47, 48 and 50 – 52 as being indefinite. In particular the Examiner asserts that the recitation of “the number of ordered collectibles” at line 2 -3 did not have a sufficient antecedent basis. In particular, claim 71, from which claim 72 depends, recites at lines 1 and 2 an “issuer of collectibles to manage an offering of collectibles for sale.” Appellants respectfully urge that one skilled in this art would fully appreciate that the “number of ordered collectibles” corresponded to the “offering of collectibles for sale.” Appreciating that all of claims 41, 43-45, 47 and 48 depend on claim 71, Appellants respectfully assert that claim 72 as well as claims 41, 43-45, 47 and 48 are all clear and definite under 35 U.S.C. Section 112, 2 paragraph.

For the reasons discussed above, Appellants also asserts the “number of collectibles to be allocated” provides antecedent basis for the recitations of the “number of collectibles to be offered” as recited in claim 81 and “the number of collectibles ordered” as recited in claim 84. The above reasons are also applicable to claims 50 and 56.

For the above reasons, Appellants respectfully assert that the above noted claims are clear and definite under 35 U.S.C. Section 112, 2<sup>nd</sup> Paragraph.

**ARGUMENT: The Third Ground of Rejection Reviews Whether the Examiner  
has Failed to Show that Appellants' Claims are Anticipated**



**Under (35 U.S.C. §102) Over Woolston ‘651**

The Non-Final Office Action dated June 20, 2005 rejects Claims 102, 103, 49-51, 56 and 57 under 35 U.S.C. §102(e) as being anticipated over U.S. Patent No. 6,266,651 or 5,845,265 of Woolston (Woolston ‘651).

The issue that is presented to the Board by this Appeal is whether the record set out in the June 20, 2005 Office Action meets the “substantial evidence” standard under the Administrative Procedure Act? Since the present rejection is based upon §102(b), the Examiner must show that Woolston ‘651 discloses each element of the rejected claims, which the Examiner has failed to do. A comparison of the recitations of each of the rejected claims with the Examiner's record, indicates that the Examiner's record has failed to mention each certain recitation of the rejected claims as will be pointed out below for each claim.

**Woolston Disclosure**

**Woolston ‘531** discloses as shown in Figure 1 a consignment node, which is operated by a consignment node user or operator, herein “user”, to offer for sale to potential purchasers or participants, herein “participants,” a used good or collectible, herein “good”, by displaying an image of that good on a participant terminal 28 to the participant. The consignment node includes a computer 10, which comprises a computer display 16, a keyboard 18, a data storage device or database 22, which stores data that is indicative of goods to be offered for sale, and a network connection 26, which transmits the goods data via a network to the participant terminal 28. The user constructs a catalogue of goods to be offered for sale by entering data for one good at a time into the storage device 22. Further, the consignment node as shown in Figure 1 is connected to each of a plurality of consignment nodes by a network (Woolston is unclear whether this network in the one shown in Figure 1). See Figure 1 and col. 1, line 19 to col. 3, line 7.

The consignment node is operable in the following modes: 1) an auction mode, 2) a market mode, and 3) an agent mode. The auction mode allows a participant to log into a consignment node to participate in an auction. The market mode allows the participant to log into a consignment node to browse the consignment node database 22 for goods stored therein. Further, the agent mode may search its own database 22 for the requested good and/or generate

agents that are transmitted via the network to the other consignment nodes, and report back a search request of the other consignment nodes. See col. 3, lines 8 - 24.

### **Independent Claim 102**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his rejection under §102(e) of **Claim 102** as being anticipated by Woolston '651 is reproduced as follows:

Claim 102: Woolston teaches a method of facilitating an issuer independent of significance of collectibles to manage ... the sale of collectibles of a predetermined condition ("computerized market", abstract), said method comprising of:

a) offering for sale the collectibles (per Woolston, offering of collectibles is communicated by a consignment node to plurality of participants (customer and collectors) col. 2 electronic markets for collectible goods see col. 2 L27-57);

b) allocating selected of the offered collectibles to selected of a potential purchasers;

(noting that allocating the collectibles is inherent because a consignment node offers the collectibles (such as antique pens) see col. 2 L27-57, in an established electronic market for the collectibles to a plurality of participants (customers and collectors))

c) creating for each of the selected purchasers a record (refer to section "the sale " at col. 4+);

d) implementing each of steps a)-c) by a programmed computer (see Figures 1-3 which depict implementation of the method).

e) maintaining condition of the collectibles ... (this limitation is interpreted as storing or safeguarding the collectibles as deemed appropriate by the entity holding the collectibles, such as the operator of the collectible nodes or the owner of the collectibles, therefore this step is inherent in Woolston reference (see col. 2L 44-46) furthermore, specifying the condition of the collectible (col. 3 L 61-66 "condition of the card" etc.) in which the collectibles are offered inherently requires maintaining the condition while the collectibles are offered for sale.).

With respect to **Claim 102**, the record of what Woolston disclosed as reproduced above fails to disclose the following the following recitations: 1) "The method of facilitating an issuer of collectibles to manage the initial offering for sale of collectibles of a predetermined condition" (as recited in the preamble); 2) "b) allocating selected of the offered collectible to selected of a plurality of potential purchasers;" 3) "c) creating for each of the selected purchasers a record;"

and 4) “d) maintaining the predetermined condition of the collectibles throughout steps a) to d).”

**Preamble of Claim 102 and Claim Recitation 102a):** Woolston does not disclose a method of facilitating an issuer of collectibles to manage an initial offering of collectible of a predetermined condition for the reasons detailed in the preamble of Claim 71. See Applicants’ detailed comment with respect to the preamble of Claim 71 for an analysis as to why Woolston fails to disclose this recitation.

**Claim recitation 102 c):** Col. 4 of Woolston fails to disclose the step c) for creating a record for the purchaser to which the collectibles were allocated in step b) based on the analysis set out above with respect to claims 95, 45 and 48.

**Claim recitations 102 d) and e):** Similarly, Woolston does not disclose maintaining the predetermined condition of the collectibles throughout the steps of offering, allocating, creating a record and implementing these steps by a programmed computer as described above in detail with respect to the Claim recitation 71d). Appellant respectfully asserts that shipping goods to a long term storage facility does not in the least teach maintaining the condition of the collectibles for the reasons discussed above with respect to claim recitation 71d). Further, Appellant respectfully asserts that it is improper to not give patentable weight to recitation 102e) for the reasons detailed above with respect to the nonfunctional descriptive material rejection of recitation 71e).

#### **Claim 103 Dependent on Claim 102**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §102(e) rejection of **Claim 103** as being anticipated by Woolston ‘651 is reproduced as follows:

**Claim 103.** Storing the predetermined condition of the collectibles.. (Fig. 13, section 956 “condition”, col. 3 L 61 – 66, condition of the card);

The recited “corresponding record” refers to a selected purchaser record as claimed in Claim 103. As explained above with respect to Claim recitation 73 a), Woolston creates a record for each collectible or good, but not for the selected purchaser record as recited in Claim 103. Neither Figure 12 and related part of Woolstons’ specification nor Col. 3, lines 61 – 66 thereof disclose the storing the of the collectibles’ condition in the record of the purchaser (as opposed a

record for the collectibles).

### **Independent Claim 49**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §102(e) rejection of **Claim 49** as being anticipated by Woolston '651 is reproduced as follows:

Claim 49. Woolston teaches a method of operating a server (computer 10, Fig. 1) to receive over a network at least one order for collectibles from at least one of a plurality of potential purchasers, said server being programmed to implement said method comprising the steps of:

a) providing at the server a purchaser history database (purchase records, col. 7 L 12-21);

b) offering for sale an initial placement of a predetermined number of collectibles (col. 2 L 36-40 ... establish the dominant market for collectible antique pens ..., since the consignment node establish a market, inherently it must offer for sale initial offering of the antique pens and since the pens are antique they are of a predetermined number known to the operator of the consignment node, refer also to col. 2 L 49-57);

c) receiving from one of the potential purchasers at least one order for a selected number of collectibles (col. 3 L 25-30, the purchaser order, inherently includes desired number goods, for example the purchaser may wish to purchase one or more antique pens from the consignment node);

d) creating in response to the received one order an account in the purchaser history database for its potential purchaser, each account including a record of the purchasing activity of its potential purchaser (sold database 816, shipped database 820 col. 19 L 36-46).

With respect to **Claim 49**, the record as stated above fails to disclose the following recitations: 1) “a) providing at the server a purchaser history database”; 2) “b) offering for sale an initial placement of a predetermined number of collectibles”; 3) “b) offering for sale an initial placement of a predetermined number of collectibles”; and “4) creating in response to the received one order an account in the purchaser history database for its potential purchaser, each account including a record of the purchasing activity of its potential purchaser”.

Applicants assert that col. 7, lines 12-21, teaches the coordination of the database on each consignment node, but does not provide any teaching regarding a database for purchaser or buyer

records. In particular, Woolston '651 discloses databases for goods but not for storing records concerning their purchasers. Applicants assert that Woolston '651 does not disclose the offering for sale an initial placement of collectibles as recited in **Claim recitation 49 b)** as explained in detail above with respect to Claim recitation 119 a). The offering for sale referred to at col. 5, lines 30-41, refers to placing previously purchased collectibles for sale on a secondary market and not on the primary market or initial placement as recited in Claim recitation 49 b). The undersigned asserts that col. 9, lines 63-65, does not relate to the offering or posting collectibles for sale, much less offering an initial placement of collectibles as recited in Claim recitation 49 b). Referring to Claim recitation 49 d), Applicants assert that col. 19, lines 36-46, does not disclose creating an account for a purchaser in response to receiving an order for that purchaser. Still further, Applicants assert that the creation of the recited record is not inherent in view of the sold database 816 and/or the shipped database 820, as shown in Figure 12. First, the cited portion of Woolston '651 is silent on the operation of these databases. Second, the related portions of Woolston '651 teach away from Applicants' teaching of creating a record of a potential purchaser in response to an order from that potential purchaser. In contrast to Applicants' method of creating records, Woolston '651 discloses that the assignment node user enters data about a particular collectible by hand. See col. 3, lines 42-66. Further, the Examiner has not created a record sufficient to demonstrate that the sold database 816 and the shipped database 820 inherently respond to a purchase order to construct a record for the potential purchaser. To demonstrate inherence, the Examiner must provide the factual and technical grounds establishing that the inherent feature necessarily flows from the teaching of Woolston. *Levy*. Rather, the Examiners relies on col. 19, lines 36-46, which as noted above is silent as to the creation of a goods' (not a purchaser) record.

**Woolston/Bezos Does Not Teach a Database for Purchaser:** With respect to **Claim 49**, Appellants further urge that the following, second set of claims distinguishes Woolston taken alone or in combination with Bezos: 49, 73 and 110. In claim 49, Appellants distinguishes Woolston and/or Bezos by reciting a method of operating a server to receive collectibles over a network and, further, to create in response to a received order an account in a purchaser history

database for the potential purchaser that placed the order.

Claim 73 further distinguishes Woolston and/or Bezos by reciting the transmission of a message to a plurality of remote terminals carrying a limited number of collectibles, whereby at least one of the potential purchasers is enabled to actuate its remote terminal to transmit first and second orders to a server and, further, to process the orders to allocate at least one of the limited number of collectibles among the potential purchasers and to create for the successful purchaser a record in a memory for the collectibles.

Claim 110 also distinguishes Woolston and/or Bezos by reciting the transmission of an initial offering statement to a potential purchaser for a predetermined time of a limited number of the collectibles for sale, wherein the initial offering also includes an indication of the condition of the collectibles.

**Claim 50 Dependent on Claim 49**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §102(e) rejection of **Claim 50** as being anticipated by Woolston '651 is reproduced as follows:

Claim 50. making a secondary offering for sale at the direction of (the) at least one purchaser (col. 3 L 25-30 ...post a new participant defined offer..., see also col. 12 L 59-66, post a new offer and may identify that the good is still on the market).

Applicants assert that Woolston '651 does not disclose that the successful purchaser of the collectible on the primary market may in turn direct that the purchased collectible be offered for sale on the secondary market as discussed in detail with respect to Claim 34 and to Claim recitation 71 a).

**Claim 51 Dependent on Claim 77**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §102(e) rejection of **Claim 51** as being anticipated by Woolston '651 is reproduced as follows:

Claim 51. receiving orders from at least one purchaser during said second offering for sale on said secondary market (col. 3 L25-30, allow a participant to electronically purchase goods from a consignment node).

Applicants assert that col. 17, line 60 - col. 18, line 5, which was relied upon by the

Examiner in his analysis of **Claim 48**, does not disclose the recited database, much less the record stored thereon that can be updated to reflect the further order placed by the purchaser.

**Claim 56 Dependent on Claim 49**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §102(e) rejection of **Claim 56** as being anticipated by Woolston '651 is reproduced as follows:

Claim 56. updating record of the purchaser ..data indicative of the purchaser's allocated collectibles (refer to Fig. 12 "sold" and "fore sale" database and col. 14 L 57-63).

The passage relied on by the Examiner, col. 14, Lines 57 - 63, discloses "a database of goods for sale" (see line 57 and 58), rather than an account in a database for each of the potential purchasers as recited in Claim 49. Further, Claim 56 cites the updating of the records with data indicative of the purchaser's allocated collectible(s).

**Claim 57 Dependent on Claim 56**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §102(e) rejection of **Claim 57** as being anticipated by Woolston '651 is reproduced as follows:

Claim 57. receiving bids from purchasers during said secondary offering.. determining winning bids (refer to discussion of auction as discussed in col. 5 L 46 - end of col. 6).

The passage cited by the Examiner, col. 5, line 46 to end of col. 6, does not disclose the determining of the winning bids on the secondary market and updating the record(s) of the purchaser(s) having winning bids with data indicative of the purchases collectibles. In particular, the passage cited by the Examiner discloses that "the good may be posted on the consignment node" (col. 5, lines 51 and 52), in contrast to Applicants who update the records of the purchaser (not the goods).

**ARGUMENT: The Fourth Ground of Rejection Reviews Whether the Examiner Has Failed to Show that Applicants' Claims are Obvious Under 35 U.S.C. §103(a) over Woolston in view of Bezos, and are deemed to be "Non-Functional Descriptive Material".**

The Non-Final Office Action dated June 20, 2005 rejects Claims 71, 72, 34-38, 44-48,

73-76. 59-61, 77-84, 86-95 and 110-114 as being obvious under 35 U.S.C. §103 over U.S. Patent Nos. 5,845,265 or 6,266,651 of Woolston in view of U.S. Patent No. 6,606,608 of Bezos, and that any differences in the aforementioned claims and the cited references are only found in “Non-Functional Descriptive Material.”

### **Independent Claim 71**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 71** as being obvious over Woolston ‘651 in view of Bezos and that any differences in the aforementioned claims and the cited references are only found in “Non-Functional Descriptive Material,” is reproduced as follows:

Claim 71. Woolston teaches a method of facilitating an issuer of collectibles for sale, each collectible having a predetermined condition (“computerized market”, abstract), said method comprising steps of:

a) offering for sale the collectibles to potential purchasers for a period of time (refer to col. 2 L 36-40); “market maker for a particular class of goods”, and “establish the dominant market for collectible antique pens”

b) receiving orders from the ordering purchasers (..col. 5 and 6, receiving bids from the ordering purchasers).

“market maker for a particular class of goods”, and “establish the dominant market for collectible antique pens”)

d) facilitating steps a)-c) by a programmed computer (see Figures 1-3 which depict computer implementation of the method).

e) maintaining condition of the collectibles .. (this limitation is interpreted as storing or safeguarding the collectibles as deemed appropriate by the entity holding the collectibles, such as the operator of the collectible nodes or the owner of the collectibles, therefore this step is inherent in Woolston reference (see col. 2 L 44-46) furthermore, specifying the condition of the collectible (col. 3 L 61-66 “condition of the card” etc.) in which the collectibles are offered inherently requires maintaining the condition while the collectibles are offered for sale.

Woolston fails to teach explicitly that the offering initial offering and the issuer sets the period of time.

However these differences are only found in the nonfunctional descriptive



material “initially” and “set by the issuer” (“offering for sale the collectibles to potential purchasers for a period of time” is not dependent on whether the offering is first time (“initially”) and who sets the auction time. In this regard the terms “initially” and “set by the issuer” are treated as non-functional limitations since they are not functionally involved in the steps recited. The offering, receiving and allocating steps would be performed the same regardless of the data. Thus, this descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983), *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

Therefore, it would have been obvious to a person of ordinary skill in the art at the time the invention was made to carry out initial offering for sale collectibles to potential purchasers for a period of time set by the issue because such data (the terms “initially” and “set by the issuer”) do not functionally relate to the steps in the method claimed and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

While Woolston teaches offering for sale collectibles to potential purchasers for a period of time set by the issuer (the consignment node user who first time offers the collectible prior to resale), he fails to explicitly disclose allocating the offered collectibles among the selected of the potential purchasers.

Bezos in the same field of endeavor teaches a method of facilitating offering of collectibles for sale (see Figure 1 and 2). Bezos teaches allocating the offered collectibles (see col. 2 L 16, example of Dutch auction wherein 10 gold wrist watches are allocated to the bidders who placed 10 highest bids.

It would have been obvious to one of ordinary skill in the art at the time of the intention to modify Woolston in view of Bezos to incorporate the allocation step as discussed above because, this modification would permit offering of a plurality of collectibles to a plurality of potential purchasers such that the available quantity of the collectibles is distributed among the potential purchasers (bidders) such that maximum economic gain is realized by the issuer of the collectibles.

With respect to **Claim 71**, the record as reproduced above fails to demonstrate that Woolston disclosed the following recitations: 1) “A method of facilitating an issuer of collectibles to manage an offering of collectibles for sale , each of the collectibles having a predetermined condition (from preamble);” 2) “a) initially offering for sale the collectibles to potential purchasers for a period of time set by the issuer;” 3) “c) allocating the offered collectibles among selected of the ordering potential purchasers.” and 4) “e) maintaining the

condition of the collectibles during steps a), b) and (c, whereby the allocated collectibles are of the predetermined condition and the issuer may guarantee the condition of the allocated collectibles.”

**Preamble of Claim 71:** The Examiner's trust in the Woolston's Abstract '651 to teach “an issuer of collectibles for sale” and that “each collectible” has “a predetermined condition” is misplaced. The Applicants assert that neither the Abstract nor any other part of Woolston teaches these recitations. In particular, Woolston’s “consignment node user” does not operate as the “issuer” that is recited in Appellants’ claims and, in particular, claim 71. In contrast to Appellants’ issuer who manages the initial offering of collectibles of a predetermined condition, Woolston’s consignment node user does not deal with the initial placement of collectibles in any fashion. In fact, Woolston is silent as to how his goods are initially issued. Rather, as will be explained below, the consignment node users manage collectibles only after they have been initially issued or offered for sale on a primary market or initial placement. In other words, the consignment node users only operate on collectibles in a secondary market. As disclosed at column 3, lines 46 - 51, of Woolston '651, his consignment node user is “a base ball card collector shop and the user wants to post his Babe Ruth collection” by building a database a record for that collectible, e.g., Babe Ruth Card. In this example, the consignment node user is the “legal and equitable owner of the Babe Ruth card”(column 4, lines 9 – 12). In a second example (column 4, lines 12 – 38), “a local resident would like to post, for example his Frank Robinson baseball card. The resident brings his Frank Robinson card to the baseball card store and tells his consignment node user he would like to offer his Frank Robinson card for a consignment sale”(column 4, lines 13 – 17). At best, the resident is the second owner, but not the issuer of his card. In a third example as described at column 15, line 43 to column 16, line 26, with respect to Figure 13, the consignment node user constructs a record by entering data into an interface about a good, e.g. a Rolex watch. This record facilitates the offering for sale of that watch to potential purchases or participants by displaying the watch to that potential purchaser. In particular, the interface as shown in Figure 13 includes a record or field 920 for displaying an image of the watch that was entered by the user and will be offered for sale, and a description file

956 for displaying a written description of the watch that was entered by the user. In particular, the entered description reads, “This is a mint condition Rolex that was a gift to the previous original owner”(Figure 13). At best, the donor of the Rolex was the first owner of the watch, but not the issuer of the watch.

In all three examples, the collectibles to be offered for sale are neither a part of an initial offering nor being offered for sale on a primary market. Rather, Woolston ‘651 identifies another entity from which each of collectible was obtained. In the first Example, the Babe Ruth card was obtained from the consignment node user. Even so, Woolston is silent as to where the user obtained his Babe Ruth card. In the second example, the Frank Robinson card was obtained from the a local resident. However, Woolston is silent as to where the local resident obtained the Frank Robinson card. In the third example, the Rolex watch was a gift to the previous owner from an unidentified donee. Woolston is also silent as to from whom the unidentified donee obtained the Rolex watch. In each of these three examples, Woolston fails to identify the source of these collectibles, much less who was the issuer of the original offering of collectibles of a predetermined condition.

Woolston’s consignment node user constructs a record of the collectible by entering data in a display record as to the condition of the collectible. As described at column 2, lines 19 to 30, there are a plurality of consignment nodes and a corresponding plurality of consignment node users. Each of these users evaluates and inputs data for a consignment node as to the good’s condition. Woolston ‘651 acknowledges that the consignment node user for each of the nodes upon which each of the Babe Ruth cards (column 3, lines 57 – 66) and the Frank Robinson cards (column 4, lines 28 – 33) is kept, adds value to his consignment node by inputting “subjective information” or “subjective criteria” as to the condition of the respective cards. Further, Woolston ‘651 acknowledges that there is a need to “police” the consignment node users for “poor quality control consignment node users”, and determines the condition of his goods by many consignment node users, which may lead to inconsistencies in the indications of the goods’ conditions and to thereby reduce the confidence of the potential purchasers about the condition of the goods being offered for sale.

As detailed above, Woolston '651 does not monitor or have possession of the goods for the entire marketing life cycle, and, in particular, during the initial offering or offering on the primary market. Still further, Woolston '651 determines the condition of its goods either before or after the beginning of marketing his goods on the secondary market. As a result, the consignment node users can not monitor the condition of their goods from the time that the goods are issued, much less guarantee based on the user's observations the conditions of their goods to the prospective purchasers thereof.

**Claim recitation 71 a):** Neither col. 2 nor the rest of Woolston teaches "initially offering for sale the collectibles to potential purchasers". By contrast, Woolston only discloses the offering for sale of a collectible on a secondary market and not an initial offering for sale as recited in Claim 71 a). Col. 3, lines 42 - 66 of Woolston describes the use of a computer to enter data about a collectible in its database in preparation for sale of that collectible on a secondary market. In this example, the collectible is a Babe Ruth trading card, which originates from the card collection of the assignment node user. Woolston is silent as to where the Babe Ruth card of interest originated or was initially sold. In another example as shown in Figure 13, Woolston uses an interface screen to offer a Rolex for sale on a secondary market. In a field 956 of that interface, the watch is described as "a gift to the previous original owner". Thus it would appear that there were at least 3 and maybe more previous owners. Woolston does not disclose how the original or subsequent owners purchased the watch, i.e., the "original offering" is not disclosed as recited in step 71 a). The result is that a subsequent, potential purchaser has less assurance as to the collectible's condition because Woolston does not originally offer the collectible or maintain its condition during the recited original offering. The pertinence of the above quoted argument with respect to the recitation 71a) that Rolex watches are auctioned for a predetermined time is not understood in that recitation 71a) does not recite auctioning, much less auctioning for a predetermined period. In particular, Appellant does not recite that auctioning as described in columns 5 and 6, much less than in Col. 6, lines 21 - 37. In particular recitation 71a) does not recite posting an opening bid, i.e., a single bid, permit a participant to respond with a higher bid, or, finally, to scan the participants to identify the highest bid. Recitation 71a) does not require

the described posting, reposting or selection of the highest bidding participant.

**Claim recitation 71 b):** Further, the Examiner maintains that the “initially offering” for sale the collectibles is inherently disclosed by the offering of goods on the assignment node. As described above with respect to the preamble of Claim 71, the node only offers collectible for sale on a secondary market. In fact, Woolston does not disclose how the collectibles are initially offered for sale. Thus, it is clear that the Examiner has not constructed the requisite record that provides the technical grounds establishing that the inherent feature necessarily flows from the teachings of Woolston. *Levy*.

**Claim recitation 71 c):** In contrast to the Examiner’s statement, Col. 6, line 27 – 37 of Woolston ‘651 fails to teach the allocation of plural collectibles, as opposed to marketing one collectible at a time. The problem underlying the need to allocate arises where the offered lots of items or goods, e.g. securities, are offered on an IPO, and not in the context of selling one collectible at a time as described by Woolston. For example, if one offers a single good for sale, there is no problem in allocating goods. Woolston, at col. 4, line 61 to col. 5, line 8, describes the purchasing process where a buyer or participant browses one or more websites. After selecting a particular good, the potential buyer purchases the good, e.g., “the above posted Frank Robinson card” (see col. 5, line 4). Woolston also contemplates auctioning one good at a time as described at col. 5, line 58 - col. 6, line 45. In an example as shown in Figure 13, a single good, the Rolex watch is sold. It is apparent that Woolston ‘651 is selling only one good at a time, whereby the allocation of collectibles is not a problem, much less a teaching applicable to Applicants’ offering of lots of collectibles.

**Claim recitation 71 e):** In contrast to the Examiner’s assertion, Col. 17, line 60 to col. 18, line 5 of Woolston does not disclose “maintaining the condition of the collectibles during steps a), b) and c)” as recited in 71d). By contrast, Woolston teaches that a consignment node user which is obligated to an assignment agreement, must “hold a good for a predetermined time and/or ship the good to a long term storage facility to ease the bailee’s burden of posting terminal users where a participant elects to hold legal ownership but keep the good available in the electronic market place for the long term”, col. 17, line 60 - col. 18, line 5. Neither this quoted

statement nor its context in Woolston '651 supports the Examiner's position. Applicants assert that the disclosed long term storage facility of Woolston does not in the least imply or teach that such a facility maintains a "protective environment", the allocated collectibles are of the predetermined condition. A careful reading of this quote indicates that Woolston is not concerned with protecting or maintaining the condition of the collectibles, but rather with finding room to store such goods, i.e., to "keep the good available in the electronic market place for the long term". See. col. 18, line 4 and 5. In summary, neither the shipping of "the good to a long term storage facility" nor any other part of Woolston fairly teaches that the condition of the collectible will be maintained through steps a), b) and c).

Appellants respectfully assert that claims 71 a) and 104-109 are functional descriptive material. In particular, the recitations of these claims include "initial offering" and setting the auctioning "period" and, thus, are available to distinguish the Woolston patent, whereby these claims are unobvious under 35 U.S.C. Section 103(a). In contrast to the Examiner's assertion, the recitation c) of allocating collectibles to the ordering purchasers is "dependent upon" offering the collectibles to the ordering customers.

Appellants respectfully assert that claim 73 is functionally descriptive material. In particular, the recitations of this claim include "uncirculated condition" and "limited number" which are dependent on other recitations of the claim and, thus, are available to distinguish the Woolston patent, whereby these claims are unobvious under 35 U.S.C. Section 103(a). In contrast to the Examiner's assertion, the recitation of uncirculated collectibles in the preamble is "dependent upon" recitation b) of having an indication of condition on the offer. Similarly, the recitation of the limited number of collectibles is related to step c) which allocates the limited number of collectibles.

**Woolston/Bezos does not Disclose Maintaining the Collectible Condition:** Appellants respectfully traverse and request the rejection of independent claims 102, 49, 71, 77, 131, 133, 69 and 115 as being anticipated and/or obvious over Woolston whether taken by itself or in combination with Bezos. The listed claims relate to a method of managing an initial offering of collectibles of a predetermined condition and maintaining the predetermined condition at least

during the initial offering for sale of the collectibles. The Examiner has rejected these claims in that he deems them to be inherent in view of that passage (col. 3 L 61-66 at page 5 L 25,) which specifies according to the Examiner the condition of the collectible and that such indication inherently requires the maintaining of the condition. As urged above, Appellants respectfully assert that such a use of inherency is improper and does not logically flow from the cited portion of Woolston. Further, the Examiner at page 8, L 8 interprets the meaning of the term “maintaining” as “storing or safeguarding the collectibles as deemed appropriate by the entity holding the collectibles.” Appellants respectfully traverse such an interpretation of the scope of these claims in that the terms storing or safeguarding are broader than Applicants’ recitation of the card condition and do not connote the protection and/or maintaining of the condition of the collectibles:

Claim 77 further recites a method of selling collectibles of a predetermined condition on a primary market and on a secondary market and, further, of maintaining the condition of the collectibles during the primary market, the receiving of orders from the respective purchasers and the further offering of the collectibles for sale on the secondary market.

Claim 131 recites maintaining the condition of the collectibles and, further, providing each successful purchaser the option to remove or not to remove the collectible from a protective environment.

Claim 133 further includes the step of transferring the ownership of the one collectible from a first to a second purchaser.

Independent claim 69 recites a protective environment to receive and maintain the condition of an uncirculated collectible and, further, the prompting of each purchaser either to keep their purchased uncirculated collectibles in the protective environment or to offer for sale the collectibles on a secondary market.

**“Non-functional Descriptive Material Rejection” of Recitation 71(e):** The Examiner has further rejected Claims 71 and 104 – 109, each of which depends variously from Claim 102, as being drawn to nonfunctional descriptive material. The Examiner briefly asserts with respect to recitation 71(e), “(N)oting that this limitation (71(e) has no functional relationship to steps (a)

– (c) and as such treated as nonfunctional descriptive material”--. Claim 71 recites the steps of a) offering for sale the collectibles, b) receiving orders, c) allocating the collectibles among the potential purchasers, and e) maintaining the condition of the collectibles during steps a), b) and c). Similarly, claim 102 recites the steps of a) offering for sale the collectibles, b) allocating the collectibles to the potential purchasers, c) creating for each purchaser a record, and e) maintaining the predetermined condition of the collectibles during the steps a), b) and c). The Examiner has rejected both of Claim 71 and Claims 104 – 109 on the basis that each of Claims 71 and 102 has a recitation e) that was not functionally related to its steps a), b) and c). Further, the Examiner contends that the recitation e) was also not functionally related to the recitations of claims 104 – 109, which depend variously dependent from Claim 102. The Examiner concluded that Claim 71 should be treated as “non functional descriptive material.” The Examiner concluded that the “limitations of claims 104-109 --- do not serve as a limitation per *In re Gulack*”, Appellant will discuss both of the rejections of Claim 71 and Claims 104-109 at this point in the Brief, noting that the Examiner’s rejection of Claims 104-109 is set out below.

Contrary to the assertion of the Examiner, Appellant’s recitation 71e) of maintaining the condition of the collectibles is functionally related to each of the recitations 71a), b) and c). In particular, recitation 71e) recites that the maintaining step is carried out during steps a), b) and c) to clearly define the functional relation of the step e) of maintaining to the condition of the collectible to the physical acts of “initially offering”, “receiving orders” and “allocating the offered collectibles” recited respectively in steps 71a), b) and c). The physical relationship of the step 71e) to the steps 71a), b) and c) is clear. The step 71e) maintains the condition of the collectibles during each of the steps 71a), b) and c). The result of maintaining the condition of collectibles for the recited time is tangible and concrete, namely to permit the issuer of the collectibles to guarantee the condition of the collectibles and to enhance their sale ability.

Similarly, step 102e) of “maintaining the predetermined condition of the collectibles” is functionally related with each of the steps 102a) of offering the collectible for sale, 102b) of allocating the collectibles to selected potential purchasers and step 102c) of creating a record of each of the selected purchasers. For the reasons advanced above, maintaining the condition of



the collectibles during steps 102a), b) and c) creates a functional relation to the maintaining step 102e) and produces a tangible and concrete relationship. However, it is apparent that the Examiner has not rejected the independent claim 102, but rather has rejected claims 104 – 109, stating that “any one or more desirable methods as recited (claims 104 – 109) have no functionally interrelated with the acts of (a) offering..(b) allocating”(c) creating ...and (d) implementing.. of claim 102.”

The following analysis also responds to further comments of the Examiner concerning the nonfunctional descriptive material rejection, which are reproduced below with respect to claims 104 – 107. The MPEP Section 2106, IV.B.b indicates that, “Nonfunctional descriptive material may be claimed in combination with other functional descriptive multi-media material on a computer-readable medium to provide the necessary functional and structural interrelationship to satisfy the requirement of 35 U.S.C. Section 101.” Thus even if Appellants would concede only for the purposes argument that there was no functional relationship between the step 102e) and the subject matter of claims 104 – 109 and that the subject of these claims was nonfunctional descriptive material, the combination of such nonfunctional descriptive material of claims 104 – 109 with the functional descriptive material recited in steps 102a), b), c) and e) satisfies the requirements of 35 U.S.C. Section 101.

Further, Appellants respectfully assert that the functionality of the claim recitations 102a), b) and c) as implemented on a “programmed computer” that is recited by recitation 102d) satisfies the requirement of being a functional descriptive material. In particular, the MPEP Section 2106 IV.B.1(a) states that, “(A) claimed computer-readable medium encoded with a computer program is a computer element which defines structural and functional interrelationships between the computer program and the rest of the computer which permits the computer program’s functionality to be realized, and” is a functional descriptive material and, thus, is statutory. Thus, each of the claim recitations 102a), b) and c) as implemented by a “programmed” computer as recited in 102d) and, thus, is a functional descriptive material. Thus even if recitation 102e) was deemed only for the sake of argument to be non-functional descriptive material as asserted by the Examiner, the combination of functional descriptive

material as recited in each of 102a), b) and c), and the non-functional descriptive material in recitation 102e) would be deemed to be statutory. Further as discussed above, claims 71 is similar to claim 102 in that it recites the steps 71a) of offering collectibles for sale, b) receiving orders, and c) allocating collectives. Each of the steps 71a), b) and c) is implemented by “a programmed computer” and, thus as described above with respect to claim 102, is deemed to be a functional descriptive material for the reasons detailed above. Therefore, claim 71 is deemed to be statutory, whether or not recitation 71e) is deemed to be nonfunctional descriptive material..

In each of the rejections of claim 71 and claims 104 – 109 the examiner has asserted that recitation 71e) of maintaining the condition of the collectible was not functionally related to steps 71a), b) or c), and the methods of claims 104-109 did not functionally relate to the steps 102a), b) and c) of claim 102. In his rejection of claim 71 as detailed above, the Examiner states that “noting that limitation (referring to step 71e) has no functional relationship to steps (a) – (c) (of claim 71) and as such would be treated as ‘non functional descriptive material’.” These terms, “functional descriptive material” and “nonfunctional descriptive material are defined in Section 2106 of the MPEP, but are not mentioned in any of the decisions cited by the Examiner with respect to his rejection of claims 104-109. Section IV.B.1 of the 2106 MPEP states that, “Descriptive material can be characterized as either ‘functional descriptive material’ or ‘nonfunctional descriptive material.’ In this context, ‘functional descriptive material’ consists of data structures and computer programs which impart functionality when employed as a computer component. (The definition of ‘data structure’ is ‘a physical or logical relationship among data elements, designed to support specific data manipulation functions’.” Examples of functional descriptive materials include a data structure or computer program that is stored on the memory of a computer or a computer readable medium, e.g., a CD. See Section IV.B.1 of the 2106 MPEP. Examples of nonfunctional descriptive materials include music, literature, art, photographs and mere arrangements of data, which “are merely stored so as to be read or outputted by a computer without creating any new function interrelationship either as part of the stored data or as part of the computing processes performed by the computer, then such descriptive material alone does not impart functionality either to the data as so structured, or to

the computer.” See Section VI.B.1.(b) of the 2106 MPEP.

The Appellants respectfully assert that the Examiner has failed to create a record that would satisfy the substantial evidence standard for explaining the rational for the rejections of claims 71 and 104-109 and the authorities for that rational. For example, the Examiner has failed to identify the descriptive material in each of Claim 71 and Claims 104 – 109, much less whether that descriptive material is stored in a computer or computer readable medium. Appellants respectfully assert that the subject matter of the recitation 71e) for maintaining the condition of the collectibles do not involve either descriptive material, a computer or a computer readable medium. For example, the step 71e) of maintaining the condition does not contain a descriptive material, a computer readable memory or a computer readable medium and therefore fails to satisfy the definitions of nonfunctional descriptive material or functional descriptive material.

Further, the Examiner has failed to state the statutory authority upon which he relies to rejects claims 71 and 104 – 109. The sections of the MPEP discussed above clearly state that if an invention is deemed to a nonfunctional descriptive material, that invention is deemed to be nonstatutory under 35 U.S.C. Section 101. Are Claims 71 and 104-109 being rejected on 35 U.S.C. Section 101?

In support of his holding that the claim 71 and claims 104 – 109 are nonfunctional descriptive material, the Examiner relies on the following decisions: *In re Schreiber*, 44 USPQ2d 1429 (CAFC 1997); *In re Gulack*, 217 USPQ 401 (CAFC 1983); *Ex parte Carver*, 227 USPQ 465 (BdPatApp&Int 1985); and *In re Lowry*, 32 USPQ2d 1031 (CAFC 1994). Such support is not well founded. First, *Schreiber* relates to the effect of intent to use recitations, which are not found in the claims 71 and 104 – 109 and/or the specification of the subject application. *Gulack* upheld the patentability of certain “printed matter as being patentable under 35 U.S.C. Section 103. This decision is not applicable to the subject invention. First, the subject invention does not relate to printed matter and, second, the Federal Circuit clearly limits this decision to printed matter. In particular, *Gulack* held that the Federal Circuit relied heavily on the Supreme Court in *Graham v. Deere*. 148 USPQ 459 (1066), which held that the 1952 Patent Act requires that a claim be viewed as a whole in determining obviousness and that all limitation

of claims must be considered in determining whether the claimed invention would be obvious. Further, the Federal Circuit explicitly held in *Lowry* that *Gulack* was not applicable to computer programs and/or data structures as involved in the subject application. In a similar fashion, the *Carver* decision of the Board of Patent Appeals' does not support the Examiner's rejection of Claims 71 and 104 – 109. In contrast to the Examiner's rejection, this decision is based on 35 U.S.C. Section 101, wherein the Examiner divided the parsed recitations of the rejected claims into novel and non-novel recitations to identify a sound recording as the sole novel recitation and concluded that the novel recording was nonstatutory. The Board concluded that the point of novelty approach adopted by the Examiner conflicted with *Diehr*. Thus, Appellants respectfully assert that binding authority requires the Examiner to consider claim 71 as a whole and to consider each recitation of claim 71 including claim recitation 71e) and to fail to do so is clear error requiring the reversal of the rejection of claims 71 and 104 – 109.

**Gulack Does Not Provide Authority to Reject Appellant's Claims as Being Non-Functional Descriptive Material.** The Examiner's reliance on *Gulack* to hold Appellants' invention to be obvious under 35 USC Section 103(a) as being descriptive material in the form of mere printed matter is not factually relevant to Appellants' invention. *Gulack* involved a substrate in the form of a continuous band and printed matter in the form of a cyclical sequence of characters mounted on the band at equal intervals. The characters are selected by an algorithm so that the band may be manipulated in a manner to perform magic tricks and/or to display various aspects of number theory. In *Gulack*, the Federal Circuit concluded that if patentable weight were to be given to the printed matter that there must exist an unobvious functional relationship between the printed matter (the sequence of characters) and the substrate (the band). The court concluded that there was such an unobvious relationship between *Gulack*'s characters and his characters, whereby patentable weight was given to the printed matter and *Gulack*'s claims were deemed to be unobvious.

*Lowry*, the other decision relied upon by the Examiner, involved a data structure that comprised an arrangement of attribute data objects and managed the storage and retrieval of such a data structure from a memory. In *Lowry*, the Federal Circuit held that *Lowry*'s attribute data

objects were not analogous to the printed matter of Gulack or the other printed matter cases. The court explained that, “The printed matter cases have no factual relevance where ‘the invention as defined by the claims requires that the information be processed not by the mind but by a machine, the computer.’” In re Lowry, 32 F.3d at 1583, 32 USPQ2d at 1034 (Fed. Cir. 1984).

The Examiner has attempted to apply a printed matter test like that of Gulack to Applicants’ independent claims 71, 73, 77, 110, 119, 123, 62 and 69 to determine whether these claims are obvious under 35 USC Section 103(a). First the Examiner compares each recitation of a claim to the prior art, namely the Woolston patent and/or the Bezos patent, to determine which of these recitations are different or novel. If the Examiner’s test identifies one or more novel recitations, the Examiner then determines whether those novel recitation(s) are related to one or more of the other recitations of the claim being tested. In particular, the Examiner determines whether or not each novel recitation is “dependent” or “functionally involved” with any of the other recitation(s) of the claim being tested and, if not dependent on or functionally involved with any recitation, the subject matter of that recitation(s) is deemed to be non-functional descriptive material. In other words, if the novel or different aspects of this invention are only found in recitations that do not depend or are not functionally involved with another step of the claim being tested, that recitation is deemed to be non-functional descriptive material. Such non-functional descriptive material recitations are not given patentable weight to determine whether a claim is obvious under 35 USC Section 103(a).

**Gulack does not provide authority for the Examiner’s use of the so called non-functional descriptive test to reject the Appellants’ claims.** According to the Examiner, to hold an invention to be non-functional descriptive material and therefore not patentable, requires that the invention be compared with the prior art and that the differences there between only depend on or are functionally involved with the other recitations of the claim being tested. Further, the non-functional descriptive material test as applied does not focus solely on a substrate and printed matter, but could be applied to any technology. Similarly as discussed above, Lowry is not factually relevant, much less authority for using the Examiner’s non-functional descriptive material test to determine whether the Appellants’ invention for managing

an initial offering and enabling a user to set the auction time is available to distinguish the prior art. In particular, Lowry stated that the printed matter rejection of Gulack and other printed matters cases were not relevant to Lowry because the information was processed by a computer. Appellant's invention is also not relevant to the printed matter test or to the Examiner's non-functional descriptive material for the same reason i.e., Appellants' invention processed its signals by a programmed computer as recited in claim 71. As compared with the printed circuit test, the Examiner's test is considerably broader than the printed matter test of Gulack. In Gulack, the focus is on a single relationship between a substrate and printed matter and whether that relationship was an unobvious functional relationship. By contrast, the Examiner's test requires a plurality of relations, one for each novel recitation of the claim being tested. Appellants respectfully assert that their inclusion of a computer that processes signals and of plural relationships as opposed to Gulack's single relationship between printed matter and a substrate still further reduces the relevancy of Gulack as an authority to test the use of the plurality of functions to distinguish the prior art.

As explained above, the Examiner's non-functional descriptive material test requires making a plurality of determinations as to whether each aspect or recitation of this invention is novel. Such making of a plurality of separate novelty rejections fails to comply with the requirement of 35 USC Section 103(a) that an obvious determination must be made as whole, and not on one or more recitation(s) of the claim being tested. See *Graham v. Deere Co.*, 383 U.S. 1, 148, 148 USPQ 459 (1966).

There is no judicial or statutory authority for the application of the Examiner's non-functional descriptive test as applied above in the context of an obviousness determination under 35 U.S.C. Section 103(a). The MPEP IV.B.1.(a) and (b) respectively defines in the context of 35 U.S.C. Section 101 that a computer-readable medium encoded with a computer program is functional descriptive material and, thus, statutory subject matter. By contrast, a computer that can read out descriptive material such as music, literature, art, photographs and mere arrangements of facts or data from a computer without creating any functional interrelationship is deemed to be non-functional descriptive material and, thus, is not deemed to be statutory subject

matter.

**Misuse of Non-Functional Descriptive Material Rejection:** The Examiner has held that certain recitations of Appellants' claims were Non-Functional Descriptive Material and, therefore, could not be used to distinguish for Section 102 and 103 purposes to distinguish their claims from the cited prior art. 2106 MPEP IV.B.1(a) and IV.B.1(b) define respectively functional descriptive material and non-functional descriptive material. Descriptive material takes the form of a data structure per se or a program listing, music, literature, art or mere compilations of facts or data. Mere descriptive material may be used to encode a computer-readable medium, whereby the data structure defines structural and functional interrelationships between the data structure, and the computer-readable medium and the hardware components of the computer processing the data structure. At page 8, line 20 et seq. of the June 20, 2005 Office Action, the Examiner held that the recitations "initially" and "set by the issuer" of claim 71 were "non-functional limitations since they are not functionally involved in the steps recited." The Appellants respectfully observe that the noted recitations, "initially" and "set by the issuer," are not descriptive material, much less either functional or non-functional descriptive material. In particular, neither of the terms "initially" or "set by the issuer" are "data structures" or "computer software" as defined in the noted portions of the MPEP. The Examiner has identified at the following pages what he deems to be descriptive materials: page 12, claim 73, and "limited number" or "uncirculated condition"; page 14, claim 77, and "initial placement"; page 19, claim 110 and "initial offering"; page 26, claim 119, and "given conditions" and "primary and secondary markets"; page 27, claim 123, "original purchaser" and "first and second markets;" page 30, claim 62, and "maintained in the protecting environment to keep the maintained collectibles in their uncirculated condition"; and page 33, claim 69, and "prompting such purchasers to effect selected of the following--". Appellants have carefully reviewed the descriptive material that the Examiner deems to be non-functional descriptive material as set out in the outstanding Office Action dated June 20, 2005. Appellants respectfully assert that the identified examples are not in any sense of the term descriptive material, i.e., data structures or computer applications as defined in the identified sections of the MPEP, much less non-

functionally descriptive material as defined in the noted portions of the MPEP. Therefore, Appellants respectfully assert that the rejection of claims 71, 73, 77, 110, 119, 123, 162 and 69 can not be defined as descriptive material, much less non-functional descriptive material and, therefore, must be withdrawn.

The Examiner identifies only the Gulack and Lowry decisions of the Federal Circuit as authority to use the so called “Non-Functional Descriptive Material” test. A close study of Gulack and Lowry does not reveal a description therein of any test resembling that described above. Gulack upheld the patentability of a printed matter invention, whereas Lowry reversed a Board decision that a memory with a data structure or a programmed application stored therein was unpatentable as printed matter under 35 USC Section 103.

The Lowry court held that the printed matter decisions like that of Gulack were not factually relevant to inventions like that of Applicants where information is processed by a computer. Thus, Applicants respectfully assert that Gulack and Lowry does not support the Examiner’s holding that Applicants’ invention is unpatentable printed matter, noting that whereas Applicants’ invention as recited in Claim 71, Paragraph d included a programmed computer to process those signals to carry out Appellants’ method.

In Appellants’ First Supplemental Brief, they requested the Examiner to provide an explanation as to how the Gulack and the Lowry decisions provided a basis for such 102 section or 103 section rejections that the Examiner has repeated again through out his outstanding Office Action of June 20, 2005. Unfortunately the requested explanation was not provided by the outstanding Office Action of June 20, 2005. Appellants respectfully assert that in order to construct a record that satisfies the substantial evidence standard that Examiner will need to explain: 1) in detail the nature of the steps of the non-functional descriptive test that the Examiner applied to Appellants’ claims, 2) how he uses Gulack and Lowry to develop this test, and 3) the nature of the functional relationship between the novel recitations and the other recitations of the claim being tested that is required to meet the Examiner’s test.

**Claim 72 Dependent from Claim 71**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his



rejection under §103(a) of **Claim 72** as being obvious over Woolston '651 in view of Bezos and being deemed to be "Non-Functional Descriptive Material," is reproduced as follows:

Claim 72. refers to discussion of allocation step presented in claim 71, analysis in view of Woolston in combination with Bezos.

Applicants assert that the record created above by the Examiner with respect to Claim 72 does not disclose the particular limitation of Claim 72, i.e., allocating collectibles when the number of ordered collectibles exceed the number of available collectibles. Further, the Examiner's characterization that the claimed invention is inherent and well known in the art is not well taken for the reasons set out above with respect to recitation 71 c).

**Claim 34 Dependent from Claim 71**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his rejection under §103(a) of **Claim 34** as being obvious over Woolston '651 in view of Bezos and being deemed to be "Non-Functional Descriptive Material," is reproduced as follows:

Claim 34. wherein step b) offers an initial offering of collectibles, and there is further included the step of offering for sale selected of the allocated collectibles on a secondary market at the direction of the purchasers of the allocated collectibles (col. 6L 41-44, noting that the successful purchaser may offer the purchased goods (allocated collectibles) to other purchasers, this is secondary market.

Woolston does not teach the recited offering of collectibles on a primary market for the reasons set out above with respect to Claim 71 a). Col. 6, lines 41 - 44, do not disclose, as asserted by the Examiner, the offering of plural goods to plural purchasers. The noted section only refers to a single "good".

**Claim 36 Dependent from Claim 71, Claim 37 Dependent from Claim 36, and Claim 38 Dependent from Claim 37**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his rejection under §103(a) of **Claims 36 - 38** as obvious over Woolston '651 in view of Bezos, and being deemed to be "Non-Functional Descriptive Material," is reproduced as follows:

Claims 36-38. wherein said offering of step b) is carried out for a first selected, predetermined period of time, said secondary market is carried out for a second selected

period of time, said second period of time is greater than said first period of time (the first and second predetermined period (sic) of time may be set by the operators of the consignment node (administrators) per their choice, see col. 6 L 35-37 “predetermined amount of time”)).

Claims 36 - 38 recite marketing both initially and on a second market. As discussed in detail above at Claim recitation 71 a), Woolston teaches only the marketing on one market, e.g., the secondary market, and does not disclose marketing primarily and on a second market. Therefore, Woolston is not relevant to the determining of the lengths of two (2) periods or determining their relative lengths. Col. 6 does not disclose, as asserted by the Examiner, that the collectibles are offered for a predetermined period of time on the primary and secondary markets.

**Claim 41 is Dependent Successively through Claim 72 on  
Independent Claim 71**

Though Claim 41 is listed in the June 20, 2005 Office Action as pending in this Office Action, this Office Action does not discuss the rejection of Claim 41 as being obvious over Woolston ‘651 under § 103(a).

**Claim 44 Dependent from Claim 72 and Claim 45 Dependent from Claim 44**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his rejection under §103(a) of **Claims 44 and 45** as being anticipated by Woolston ‘651 in view of Bezos and being deemed to be “Non-Functional Descriptive Material,” is reproduced as follows:

Claims 44 and 45. wherein there is further included the step of providing lots of the collectibles for offering for sale (the term “lots” is treated as “a plurality” and therefore it is asserted that this limitation does not patentably distinguish the claimed invention over the prior art as analyzed in the independent claim, therefore, analysis of claim 71 is applicable to these claims (refer to Woolston, providing collectibles of different kinds at col. 2 L 36-40 as “particular class of goods”).

As detailed above with respect to Claim 72, the Examiner has not constructed a record demonstrating the allocating of lots of the collectibles. See analysis of claim recitation 71(a) that Woolston ‘651 discloses auction or allocating one collectible at a time.

Without considering **Claim 46**, the Examiner can not create a record that teaches the

recitation of “enabling the purchaser of collectibles in said initial offering ---.”

**Claims 47 and 48 each Dependent from Claim 72**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his rejection under §103(a) of **Claims 47 and 48** as being obvious over Woolston ‘651 in view of Bezos and being deemed to be “Non-Functional Descriptive Material,” is reproduced as follows:

Claims 47 and 48. wherein there is further included the steps of providing a purchaser history database for keeping a record of each purchaser that has placed an order in the course of said initial offering of the collectibles for sale, and updating data indicative of each collectible held in escrow in that record of the purchaser holding the escrowed collectible (see Woolston, col. 5 L 18 – 45, col.6 L 45 – 51, refer to features of the data records).

A review of col. 5, lines 18 - 45, and col. 6, lines 45 - 51 of Woolston does not disclose any purchaser history database for storing a record of each purchaser that has placed an order in the course of the initial offering of the collectibles for sale.

**Independent Claim 73**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his rejection under §103(a) of **Claim 73** as being obvious over Woolston ‘651 in view of Bezos and as being deemed to be “Non-Functional Descriptive Material,” is reproduced as follows:

Claim 73. Woolston teaches a server (Figure 1, computer 10) designed to support an initial offering by an issuer of collectibles of a limited number of the collectibles via a plurality of remote terminals, each remote terminal operable by a potential purchaser (participant terminals 28) to transmit over a network to said server at least one order for the purchase of collectibles being offered for sale (electronic markets for collectibles, col. 2 L 32-36), said server having a memory and being programmed to:

a) store in said memory an indication of the predetermined condition of each of, the price of each of and the limited number of the collectibles (data record for the good for sale (col. 9L 65- col. 10 L 2) include information on a good or collectible which inherently include condition of a collectible, since condition of a collectible is essential to a potential purchaser, refer to col. 3 L 57- col. 4 L 10, “condition of the card” that Woolston’s data record comprises a plurality of collectibles;

b) transmit to the plurality of remote terminals at least one offer for sale of the limited number of collectibles, the one offer having an indication of the predetermined condition of the one collectible, whereby at least first and second potential

purchasers are enabled to actuate its remote terminal to transmit at least first and second orders for the one collectible to said server (data record for the good, include “condition” of the collectible (see col. 3 L 61- col. 4 L 2) potential purchasers are participants 28, col. 13 L 45-57 refer also to analysis of claim 71 step a)); and

step c) proposed the transmitted first and second orders to allocate at least one of the limited number of collectibles among selected of the first and second potential purchasers and create a record in said memory for the successful purchaser (col. 19, database server 806 .. structured to for-sale database 814 and sold database 816), Woolston teaches a process to allocate at least one of the limited number of collectibles among selected of the first and second potential purchasers as a part of this process step (col. 6 L 27-41) refer to allocation of at least one collectible to the highest bidders).

Woolston fails to explicitly disclose that the offering is initial offering by an issuer of collectibles of limited number of the collectibles and that each collectible offered for sale has uncirculated condition.

However these differences are only found in the nonfunctional descriptive material (the terms “limited number”, “uncirculated condition”) which is treated as non-functional limitations since they are not functionally involved in the steps recited. The storing, transmitting and processing functions recited in limitations a), b) and c) do not depend on type of offering or the nature of the condition of the collectible. The functions performed by the server would be performed the same regardless of these non-functional data.

Thus, this descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983), *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

Therefore, it would have been obvious to a person of ordinary skill to have the server designed to support any type of offering of collectibles of any condition because such data (the terms “initially” and “set by the issuer”) do not functionally relate to the steps in the method claimed and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

While Woolston teaches the server designed to support an initial offering by an issuer of a limited number of collectibles each having an uncirculated condition as explained above, he fails to explicitly disclose the processing of the orders to allocate at least one of the limited number of collectibles among the selected of the first and the second of the potential purchasers.

Bezos in the same field of endeavor teaches a server for facilitating offering of

collectibles for sale (see Figure 1 and 2). Bezos teaches the server as incorporating allocating the offered collectibles (see col. 2 L 16, example of Dutch auction wherein 10 gold wrist watches are allocated to the bidders who placed 10 highest bids).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the server of Woolston in view of Bezos to incorporate the allocation step as discussed above, because, this modification would permit offering of a plurality of collectibles to a plurality of potential purchasers such that the available quantity of the collectibles is distributed among the potential purchasers such that maximum economic gain is realized by the issuer of the collectibles.

With respect to **Claim 73**, the Examiner's record of what Woolston '651 disclosed as reproduced above fails to disclose the following recitations: 1) "A server designed to support an initial offering by an issuer of collectibles of a limited number of the collectibles via a plurality of remote terminals, each remote terminal operable by a potential purchaser to transmit over a network to said server at least one order for the purchase of collectible being offered for sale"; 2) "b) transmit to the plurality of remote terminals at least one offer for sale of the limited number of collectibles, the one offer having an indication of the predetermined condition of the one collectible, whereby at least first and second potential purchasers are enabled to actuate its remote terminal to transmit at least first and second orders for the one collectible to said server"; and 3) "c) process the transmitted first and second orders to allocate at least one of the limited number of collectibles among selected of the first and second potential purchasers and create for the successful purchaser of the one collectible a record in said memory for the collectibles allocated to the successful purchaser."

**Preamble of Claim 73:** Nothing in col. 2 or the rest of Woolston '651 discloses the use of a server to support an initial offering by an issuer of collectibles. See Appellants' argument with respect to the preamble of Claim 71 and the Claim recitation 71a) for a complete discussion of the applicability of Woolston '651 to the preamble of Claim 73 and, in particular, for a showing that Woolston's "consignment node user" does not perform or teach the functions of Appellants' issuer as recited in Claim 73.

**Claim recitation 73 a):** As noted in the Examiner's record above, col. 9, line 65 - col. 10, line 2 discloses merely that "a database for the good" is created. In particular, Woolston '531

does not disclose a database that stores the price and/or the limited number of the collectibles being initially offered for sale.

**Claim recitation 73 b):** Appellants traverse the Examiner's statement that col. 13, lines 45 - 57 of Woolston discloses the transmitting of at least one offer for the sale of a plurality or lots of collectibles to potential purchasers. Rather, Woolston '651 offers for sale only a single collectible at a time. See Applicants' analysis of Claim recitation 71 a) for a full discussion of Woolston's failure to teach the offering for sale of lots or pluralities of collectibles.

**Claim recitation 73 c):** Applicants assert that Woolston's disclosure of offering collectibles on a secondary market may not be combined with the practice of allocating collectibles that the Examiner alleges to be well know, because there is no adequate record showing motivation for such combination. In particular, see Appellants' detailed argument regarding Claim recitation 71c) to support these conclusions. The Examiner's record regarding the recitation of the database is based upon col. 19 of Woolston '651, which merely identifies the for-sale database 814 and the sold database 816. Though describing the presence of databases 814 and 816, Woolston '651 does not describe that either of these databases stores the number of collectibles that have been allocated to the successful purchasers. Applicants' review of col. 19 indicates that it does not disclose that a record is created for the successful purchaser of the purchased collectibles as recited in Claim 73 c). At best, Woolston '651 creates a record for a particular collectible, but not the successful purchaser.

**Claims 74-76 each Dependent from Claim 73**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his rejection under §103(a) of **Claims 74 and 75** as being obvious over Woolston '651 in combination with Bezos and as being "non-Functional Descriptive Material," is reproduced as follows:

Claims 74-76. (New) wherein the collectibles comprise trading cards; ..in mint condition; uncalculated trading cards (Woolston collectibles, col. 2 L 30-35 "Collectible goods").

The Examiner's record relies solely on col. 2, lines 30 - 36 of Woolston for characterizing the condition of the collectibles. Applicants' review of this passage finds no such

characterization of the collectibles and asserts that the Examiner has failed to construct the requisite record.

**Claim 59 Dependent from Claim 73 and Claim 60 Dependent from Claim 59**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his rejection under §103(a) of **Claims 59 and 60** as being obvious over Woolston '651 in view of Bezos and being deemed "Non-Functional Descriptive Material," is reproduced as follows:

Claims 59 and 60. wherein said server is programmed to respond to each order received from one of the purchasers to update said record of the one purchaser (inherent to sold database 816, shipped database 820 col. 19 L 36-46), refer to analysis provided in paper 9 for these claims).

The above record relies on col. 19, which fails to disclose the response to a purchaser's order to update the purchaser's record as described more fully above with respect to the Claim recitation 73 c).

**Claim 61 Dependent from Claim 60**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his rejection under §103(a) of **Claim 61** as being obvious over Woolston '651 in view of Bezos and as being "Non-Functional Descriptive Material," is reproduced as follows:

Claim 61. wherein said server is programmed to respond to messages ..to place in escrow selected of their collectibles that were allocated ..by updating records ..of purchasers (see Woolston, col. 5 L 18-45, col. 6 L 45-51, refer to features of the data records). Note that the phrase "to place in escrow selected of the ..initial placement" is recited as intended function and not given patentable weight.

The Examiner's record fails to disclose updating the purchasers' record as elaborated in Applicants' analysis of Claims 46 and 47, and Claim recitation 71 a). Still further, the Examiner has not created a record teaching the participant's placing collectibles purchased on the primary market into escrow and making a record of the collectibles stored therein.

**Independent Claim 77**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 77** as being obvious over Woolston '651 in view of Bezos and being deemed to be "Non-Functional Descriptive Material," is reproduced as follows:

Claim 77. Woolston teaches a method for sale of collectibles of a predetermined condition on a primary market and on a secondary market, said method comprising the steps of.

a) offering for sale to one or more prospective purchasers an initial placement of one or more selected collectibles on the primary market (as disclosed in col. 5 and 6 in auction mode a pawn shop operator offers to potential purchasers one or more Rolex watches in an auction for a predetermined time set by the operator, this offering constitute a primary market where the pawn shop operator offers the collectible watches in an initial placement;

b) receiving orders from prospective purchasers on selected of the collectibles (col. 5 and 6, receiving bids from the ordering purchasers, and col. 6 L 27-37 consignment node mode electronically scans the participants for bids and accepts highest bid. The consignment node repeats this process until no higher bid is received, this recitation clearly teaches that the offered collectibles are allocated to highest bidders in order the bids are received)

c) offering for sale at the direction of the one successful purchaser selected of the allocated collectibles on a secondary market (col. 6 L 25-41 “post a new participant defined offer”;

d) maintaining the predetermined condition of the collectibles during steps a), b) and c), whereby the allocated collectibles are of the predetermined condition (this limitation is interpreted as storing or safeguarding the collectibles as deemed appropriate by the entity holding the collectibles, such as the operator of the collectible nodes or the owner of the collectibles, therefore this step is inherent in Woolston reference (see col. 2 L 44-46) furthermore, specifying the condition of the collectible (col. 3 L 61-66 “condition of the card” etc.) in which the collectibles are offered inherently requires maintaining the condition while the collectibles are offered for sale.); and

e) facilitating at least steps a), b) and c) by a programmed computer (see Figures 1, 2 and 3 which depict implementation of the method).

Woolston fails to explicitly disclose that the offering for sale in an initial placement of one or more collectibles.

However these differences are only found in the nonfunctional descriptive material (the offering being “an initial placement”) which is treated as non-functional limitations since this limitation not functionally involved in the steps recited. The offering, receiving, maintaining and facilitating steps recited in limitations a) through e) do not depend on whether the offering is an initial



placement or not. These functions a) through e) would be performed the same regardless of the data. Thus, this descriptive material (initial placement) will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983), *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

Therefore, it would have been obvious to a person of ordinary skill to have offering for sale carried out in an initial placement for more or more collectibles using Woolston because such data (the term such as initial placement) do not functionally relate to the steps in the method claimed and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

While Woolston teaches a method for sale of collectibles of a predetermined condition as explained above, he fails to explicitly disclose the step of allocating as per claim 77.

Bezos in the same field of endeavor teaches a method for facilitating offering of collectibles for sale (see Figure 1 and 2). Bezos teaches the server as incorporating allocating the offered collectibles (see col. 2 L 16, example of Dutch auction wherein 10 gold wrist watches are allocated to the bidders who place 10 highest bids).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Woolston in view of Bezos to incorporate the allocation step as discussed above because, this modification would permit offering of a plurality of collectibles to a plurality of potential purchaser such that the available quantity of the collectibles is distributed among the potential purchasers such that maximum economic gain is realized by the issuer of the collectibles.

With respect to **Claim 77**, the record as reproduced above fails to demonstrate that Woolston disclosed the following recitations: 1) “A method of offering for sale collectibles of a predetermined condition on a primary market and a secondary market, said method comprising the steps of; (from the preamble of Claim 77); 2) “a) offering for sale to one or more prospective purchasers an initial placement of one or more collectibles on the primary market; and 3) “d) maintaining the predetermined condition of the collectibles during steps a), b) and c), whereby the allocated collectibles are of the predetermined condition”.

**Claim recitation 77 a):** In contrast to the Examiner’s statement, Woolston and, in particular, its columns 5 and 6 fail to teach the initial offering of collectibles on a primary

market. As explained above in Applicants' analysis of the Preamble of Claim 71, Figure 13 as described at col.15, line 43 to col. 16, line 26, clearly indicates that the Rolex had been previously owned and, in no way, could be considered to being initially offered for sale as asserted by the Examiner.

**Claim recitation 77 b):** Appellants respectfully assert that claim 77 is functional descriptive material. In particular, the recitations of these claims include “offering for sale in an initial placement of one or more collectibles” is step a) and, thus, are available to distinguish the Woolston patent, whereby these claims are unobvious under 35 U.S.C. Section 103(a). In contrast to the examiner’s assertion, the recitation of offering an initial placement is functionally related to recitation b) of receiving orders from prospective purchasers.

**Claim recitation 77 c):** The Examiner relies on col. 6, lines 24 - 41, which discloses marketing collectibles on a secondary market. However, as Applicants noted above with respect to Claim recitation 77 a), there is no teaching in Woolston of initially offering collectibles on a primary market or that the successful purchaser on the primary market directs the offering of the collectible on the secondary market.

**Claim recitation 77d):** Woolston and, in particular, col. 17, line 60 - col. 18, line 5 thereof, fails to teach maintaining the condition of the collectibles during the steps of offering the collectible for sale, receiving orders for the collectibles, and offering for sale collectibles on the secondary market, as explained in detail above with respect to the Claim recitation 71e).

#### **Claim 78 Dependent from Claim 77**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 78** as being obvious over Woolston ‘651 in view of Bezos and being deemed to be “Non-Functional Descriptive Material,” is reproduced as follows:

**Claim 78.** Woolston explicitly teaches limiting the number of collectibles of one kind to be offered for sale on the primary market. (see col. 5 L 25-33 “many Frank Robinson cards available”, “buying and selling the collectibles” and “will establish Frank Robinson card”, alternatively also refer to col. 5 and 6, the pawn shop operator ..may have several Rolex watches he wishes to auction).

Woolston and, in particular columns 5 and 6 thereof, fail to disclose making an initial

offering of collectibles as discussed above with respect to the Claim recitations 71 a) and 77 a). Woolston '651 also fails to disclose the limiting of the number of collectibles on the primary market. Further, Applicants asserts that limiting the number of offered collectibles is not inherent in the operation of Woolston '651, because Woolston '651 teaches the marketing of collectibles one at a time as discussed with respect to Claim recitations 71 a) and 73 b) and, thus in effect, teaches away from reducing the number of collectibles on the secondary market. On its face, reducing the number of collectibles from one to zero does not make sense.

**Claim 80 Dependent from Claim 77**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 80** as being obvious over Woolston in view of Bezos and being deemed to be “Non-Functional Descriptive Material,” is reproduced as follows:

Claim 80. said offering for sale on the primary market is carried out for a selected, predetermined period of time (see col. 6 L 34+ “predetermined amount of time”).

Woolston discloses only marketing on the secondary market for the reasons explained above in the Claim recitations 71 a) and 77 a) and, in particular, col.. 6, line 34+ thereof does not disclose that marketing is carried out for a selected, predetermined time period. The Examiner asserts that it is inherent in the operation of Woolston to set the offering for a predetermined period, because this “offering is carried out at least until the collectible is sold.” This reasoning is flawed because continuing the offering until the collectible is sold would results in a varying time window, and not the recited “predetermined period of time”.

**Claim 81 Dependent from Claim 77, Claim 82 Dependent from Claim 81,  
Claim 83 Dependent from Claim 82, and Claim 84 Dependent from Claim 83.**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 81 and 82** as being obvious over Woolston '651 in view of Bezos and being deemed to be "Non-Functional Descriptive Material," is reproduced as follows:

Claims 81 and 82. predetermining said number of collectibles to be offered for sale on the primary market before said step a) of offering for sale on said primary market begins (col. 5 and 6, the pawn shop operator ..may have several Rolex watches he wishes to auction).

Woolston '651 and, in particular, columns 5 and 6 thereof, fails to teach the offering of collectibles on the primary market for reasons set out with respect to Claim recitations 71 a) or 77 a), and the "predetermining said number of collectibles to be offered", as recited. That predetermining the number of collectibles isn't inherent from Woolston '651 is a mere conclusionary statement of the Examiner and is not supported by the requisite logical explanation. *Levy*

**Claims 83 and 84.**

The step of allocating further compares said number of collectibles with said predetermined number of collectibles and .. reduces the number of collectibles to be allocated in accordance with a predefined algorithm (see Bezos, "Dutch Auction").

With respect to **Claims 83 and 84**, the Examiner relies in error on Bezos to teach that if there are not enough collectibles to be allocated, then the number of collectibles to be sold/allocated is reduced. Rather as explained at Column 2, line 16 et seq., Bezos explains a Dutch auction in terms of selling a number of similar items and then setting the price of those items as the lowest price of that number of sold items. Appellants respectfully assert that the so-called Dutch auction fails to disclose the subject matter of Appellants' claims 83 and 84.

**Claim 86 Dependent from Claim 77 and Claim 87 Dependent from Claim 86**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claims 86 and 87** as being obvious over Woolston in view of Bezos, is reproduced as follows:

Claims 86 and 87. wherein there is further included the step of providing lots of the collectibles for offering for sale on the primary market (lots of collectibles is not patentably distinguishable and is inherently covered by Woolston as an example the Col. 5 recites “consignment made may have many Robinson cards”).

The Examiner has failed to establish a record that identifies that part of Woolston which discloses the offering of lots of collectibles for sale, much less any logical basis for holding that Woolston inherently discloses such an offering. Applicants assert that Woolston only discloses the offering for sale of collectibles one at a time as explained by Applicants analysis above of Claim recitation 71 c).

**Claim 88 Dependent from Claim 77**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 88** as being obvious over Woolston in view of Bezos and being deemed to be “Non-Functional Descriptive Material,” is reproduced as follows:

Claim 88. there is further provided the step of enabling the one successful purchaser of collectibles on the primary market to elect to have an offering for sale or to facilitate an administrator to hold its purchased collectibles in escrow (col. 5 L 18-25 and col. 12 L 59-66, “ it is understood that the purchasing participant may elect to leave the good at the consignment node or post a new offer..”).

Woolston does not disclose the offering of set or lots of collectibles but, rather, teaches that the collectibles are marketed one at a time as explained above with respect Claim recitation 77 d). Further, the Examiner's record fails to provide that technical, logical explanation of how such recitation naturally flows from Woolston. *Levy*.

**Claims 89-91 Dependent from Claim 88**

The entire record made by the Examiner in the June 20, 2005 Office Action ) to support his §103(a) rejection of **Claim 89** as being obvious over Woolston in view of Bezos and being deemed to be “Non-Functional Descriptive Material,” is reproduced as follows:

Claim 89. wherein the administrator holds the purchased collectibles of the successful purchasers in a benign environment (col. 17 L 66 - col. 18 L 5, “ship the good to a long term storage facility”.

Claim 90. wherein the one successful purchaser elects to offer for sale its purchased collectibles on the secondary market (col. 5 L 18-25 and col. 12 L 59-66, it is

understood that the purchasing participant may elect to leave the good at the consignment node or post a new offer..).

Claim 91. wherein the enabling step enables the one successful purchaser to request the administrator to deliver the purchased collectibles to the corresponding one successful purchaser (Fig. 7 block 414, “shipping”).

Applicants assert that a disclosure of shipping “the good to a long term storage facility” is not a teaching of holding collectibles “in a benign environment” for the reasons elaborated above with respect to Claim recitation 71d).

#### **Claim 92 Dependent from Claim 77**

The entire record made by the Examiner (page 16, lines 5 - 13 of the June 20, 2005 Office Action ) to support his §103(a) rejection of **Claim 92** as being obvious over Woolston ‘651 in view of Bezos, is reproduced as follows:

Claim 92. there is further included the steps of providing a purchaser history database for keeping a record of each purchaser that has placed an order in the course of said offering for sale on said primary market, and updating data indicative of each collectible and held in escrow in that record of the purchaser holding the escrowed collectible (refer to col. 14 L 57-63, “sold database” and “account database” in view of “bailee relationship” discussed at col. 17 L 55- end).

Woolston discloses a database for storing a record of data related to the collectible rather than a purchaser history database as recited in Claim 92 for storing a record of purchaser data as explained in detail with respect to Claims 47 and 48. Though col. 14, Lines 57 – 63 mentions an “account database” and a “sold database”, Woolston ‘531 does not disclose the recited database for storing records that reflect the purchasers’ offers for sale on the primary market. Further, the Examiner has failed to explain the significance of the “bailee relationship” discussed at col. 17, line 55 +.

#### **Claim 93 Dependent from Claim 77**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 93** as being obvious over Woolston in view of Bezos and being deemed to be “Non-Functional Descriptive Material,” is reproduced as follows:

Claim 93. purchaser's orders received in step b) includes a number of the

collectibles wanted by the purchaser (refer to Bezos col. 2 L 22-35 “Dutch Auction”). For combination with Woolston please refer to independent claim 77.

As explained above with respect to Claim recitations 71 a) and 77 a), Woolston does not disclose the making of an initial offering of collectibles on a primary market but rather, discloses that collectibles are sold one at a time, thus negating a disclosure that the successful purchaser places an order for a number of collectibles as recited in Claim 93.

**Claim 94 Dependent from Claim 77**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 94** as being obvious over Woolston ‘651 in view of Bezos and being deemed to be “Non-Functional Descriptive Material,” is reproduced as follows:

Claim 94. there is further included the step of predefining the number of collectibles before carrying out said step of offering for sale on the primary market (refer to Bezos col. 2 L 22-35 “Dutch Auction”). For combination with Woolston please refer to independent claim 77.

Col. 9, line 66 - col. 10, line 2 of Woolston fails to disclose the recited keeping of a record of the number of available collectibles, which data is useful in carrying out the selling of collectibles on an initial offering. By contrast, Woolston teaches the sale of one collectible at a time and does not relate to selling on a primary market as explained above with respect to Claim recitations 71 a) and 77 a).

**Claim 95 Dependent from Claim 94**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 95** as being obvious over Woolston ‘651 in view of Bezos and being deemed to be “Non-Functional Descriptive Material,” is reproduced as follows:

Claim 95. there is further included the step of providing a purchaser history database for keeping a record for each purchaser that has placed an order in the course of said offering for sale on the primary market, and updating for each order data indicative of said number of collectibles in that record of the purchaser placing that order (col. 14 L 57-63, database of goods for sale).

Woolston discloses a database for storing a record of data related to the collectibles or goods rather than a purchaser history database as recited in Claim 95 for storing a record of

purchaser data as explained in detail with respect to Claims 47 and 48.

### **Independent Claim 110**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his rejection under §103(a) of **Claim 110** based upon Woolston '651 in view of Bezos and being deemed to be "Non-Functional Descriptive Material," is reproduced as follows:

Claim 110. Woolston teaches a server for facilitating an issuer of collectibles to manage an initial offering of the collectibles of a determined condition for sale, said server having a memory and being programmed to:

REFER TO Fig. 1, computer 10, network participant terminal 28)

- a) store the determined condition of the collectibles that are offered for sale (Fig. 13. section 956 "condition", col. 3 L 61-66, condition of the card); and
- b) transmit over a network from the server to selected of a plurality of potential purchaser stations an initial offering for a predetermined time of a limited number of the collectibles for sale and bearing an indication of the condition of the collectibles (col. 5 L 65+ identifies the Rolex watches as a collectible, to prospective participants for a predetermined amount of time, col. 6, see auction process);

Woolston fails to teach explicitly that the offerings of the collectibles is initial offering of collectibles of a determined condition.

However these differences are only found in the nonfunctional descriptive material "initial offering" and "determined condition". None of the steps performed by the program on the server depend upon whether the offering is an initial offering or collectibles have "determined" condition or otherwise. In this regard the terms and "initial offering" and "determined" are treated as non-functional limitations since they are not functionally involved in the steps recited. The storing, transmitting, allocating and creating steps would be performed the same regardless of the data. Thus, this descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir, 1983), *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

Therefore, it would have been obvious to a person of ordinary skill in the art at the time the invention was made to carryout initial offering for sale collectibles of a predetermined condition for sale using the server disclosed in Woolston because such data (the terms "initial offering" and "determined



condition”) do not functionally relate to the steps in the method claimed and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

While Woolston teaches a server for facilitating an issuer of collectibles to manage an initial offering of the collectibles of a determined condition for sale, he fails to explicitly disclose that the server also performs the allocating the offered collectibles among the selected of the responding purchasers.

Bezos in the same field of endeavor teaches a method of facilitating offering of collectibles for sale. Bezos teaches allocating collectibles to responding purchasers in response to the purchasers receiving an initial offering of the collectibles offered for limited time (see Figure 1 and 2). Bezos teaches allocating the offered collectibles (see col. 2 L 16, example of Dutch auction wherein 10 gold wrist watches are allocated to the bidders who placed 10 highest bids).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Woolston in view of Bezos to incorporate the allocation step as discussed above because, this modification would permit offering of a plurality of collectibles to a plurality of potential purchasers such that the available quantity of the collectibles is distributed among the potential purchasers (bidders) such that maximum economic gain is realized by the issuer of the collectibles.

With respect to **Claim 110**, the record of what Woolston disclosed as reproduced above fails to disclose the following recitations: 1) “A server for facilitating an issuer of the collectibles to manage an initial offering of the collectibles of a determined condition for sale (as recited in the preamble);” 2) “(b) transmit over a network from the server to selected of a plurality of potential purchaser stations an initial offering for a predetermined time of a limited number of the collectibles for sale and bearing an indication of the condition of the collectibles;” 3) “allocating in response to orders transmitted to the server from the responding purchasers selected of the collectibles among selected of the responding purchasers;” and 4) “(d) creating a record in the memory for each of the selected purchasers.”

**Preamble of Claim 110:** Woolston discloses neither a method of facilitating an issuer of collectibles of a predetermined condition as recited in the preamble of 110 for the reasons set out in detail above with respect to the preamble of Claim 71, nor communicating an initial offering

that comprises a number of collectibles. In particular, refer to Applicants' argument with respect to the preamble of Claim 71 and its recitation 71a) for a complete discussion of why Woolston does not teach Appellants' "issuer" and, in particular, that Woolston's "consignment node user" does not perform or teach the functions of Appellants' issuer as recited in Claim 110.

**Claim recitation 110 b):** Woolston neither discloses communicating an initial offering, which comprises a number of collectibles as explained in detail in recitation Claim recitation 71 a), nor that a limited number of collectibles are offered for sale. Rather as set out in col. 3, line 42 - col. 4, line 2, Woolston discloses that only one collectible is offered for sale at a time. Further, there is no need for Woolston to allocate the collectibles to selected of purchasers because, as explained above, only one collectible is offered for sale at a time. Neither col. 5, lines 65+ nor the rest of Woolston teach the transmission over a network of an initial offering to a plurality of potential purchasers for a predetermined time. The predetermine time referred to in col. 6 refers to the time period for receiving a higher bid before the auction is closed, not the length of time that an initial offering is carried out.

**Claim recitation 110 b):** Appellants respectfully assert that claim 110 is functional descriptive material. In particular, the recitations of this claim includes in step b) of transmitting an initial offering of collectible bearing an indication of the collectibles' condition and, thus, are available to distinguish the Woolston patent, whereby this claim is unobvious under 35 U.S.C. Section 103(a). In contrast to the Examiner's assertion, the recitation in step b) of an initial offering is functionally related to step c) of allocating the collectibles that were offered in the initial offering.

**Claim recitation 110 c):** Woolston does not disclose the step of allocating the collectibles to a plurality of potential purchasers for the reasons that are explained above with respect to Claim recitation 71 c). It is clear that Woolston's auction occurs one purchaser at a time and that the highest bid will win, whereas Appellants allocate collectibles to selected of the responding purchasers.

**Claim recitation 110 d):** Woolston does not teach that a record is created as claimed in Claim recitation 110 d) for each of the purchasers selected by the allocating step 110c). Rather,

Woolston discloses that a record is created for the collectibles, e.g., a Babe Ruth card, that is offered for sale as taught at Col., 3, line 42 - col. 3, line 2. Further, the Examiner fails to mention creating a record, much less point out Woolston's teaching on this recitation.

**Claim 111 Dependent on Claim 110**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 111** as being obvious by Woolston '651 in view of Bezos and being deemed to be "Non-Functional Descriptive Material," is produced as follows:

Claim 111. wherein the server is further programmed to facilitate an administrator to maintain at least the limited number of collectibles in the determined condition during the offering for sale of the collectibles, and the message comprises a guarantee made by the administrator that the limited number of collectibles initially offered for sale are of the determined condition indicated by the message (col. 6 "may elect direct delivery of the goods", the administrator is the pawn shop owner).

Woolston '651 fails to disclose the maintaining of the collectibles in a determined condition as explained above in detail with respect to Claim recitation 71 d), much less to provide a message indicating the limited number of collectibles and their conditions.

**Claim 112 Dependent from Claim 110**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 112** as being obvious over Woolston '651 in view of Bezos and being deemed to be "Non-Functional Descriptive Material," is reproduced as follows:

Claim 112. wherein the server is further programmed to store the number of the collectibles allocated to a selected purchaser into the record of that purchaser (refer to Fig. 12 Sold and Shipped database server).

Woolston fails to disclose the storing of the number of collectibles allocated to a particular purchaser in the record of that purchaser for the reasons explained above with respect to Claim recitation 73 c).

**Claim 113 Dependent from Claim 110**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 113** as being obvious over Woolston '651 in view of Bezos and being deemed to be "Non-Functional Descriptive Material," is reproduced as follows:

Claim 113. wherein the server is programmed to receive and process commands from the selected purchasers to which at least one collectible was allocated to place its allocated one collectible for sale to other potential purchasers (col. 12 L 59-66, re-post and col. 6 L 41 – 44 “post the good on the electronic market at a new participant determined price”).

Woolston ‘651 does not disclose making an initial offering on a primary market as described above with respect to the preamble of Claim 71 and Claim recitation 71 a), much less the allocating of either the collectibles for which bids are made on the primary market as described in detail with respect to Claim recitation 71 c) or the offering of collectibles on both of the primary and secondary markets.

**Claim 114 Dependent from Claim 113**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 114** as being obvious over Woolston ‘651 in view of Bezos and being deemed to be “Non-Functional Descriptive Material,” is reproduced as follows:

Claim 114. wherein the server is programmed to receive a command from the one selected purchaser to which the one collectible was allocated to transmit the allocated collectible to the selected purchaser in a protective case, whereby the condition of the allocated collectible is maintained (inherent to shipment as discussed col. 12 L 56-59).

Col. 12, lines 56 - 59, of Woolston fails to disclose a protective case for the collectible, much less a server programmed to permit a purchaser of a collectible of a predetermined condition from an initial offering to direct the purchased collectible to be sent to the purchaser. Applicants traverse the Examiner’s statement that the use of such a case is inherent from the noted portion of Woolston. In particular, the Examiner has not constructed a record that logically and technically explains how the use of such a case inherently flow from the cited passage of Woolston.

**ARGUMENT: The Fifth Ground of Rejection Reviews Whether  
the Examiner’s Record Fails to Show that Appellant’s Claims are obvious  
Under 35 U.S.C. §103(a) over Woolston in view of Bezos**

The non-final Office Action dated June 20, 2005 rejected claims 96-101, and 137-141 as

being obvious under 35 U.S.C. §103(a) over U.S. Patent Nos. 5,845,265 or 6,266,651 of Woolston in view of U.S. Patent No. 6,606,608 of Bezos.

### **Independent Claim 96**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 96** as being obvious over Woolston '651 in view of Bezos, is reproduced as follows:

Claim 96. Woolston teaches a method of facilitating an issuer of collectibles to manage an initial offering for the sale of a limited number of the collectibles of a predetermined condition, said method implemented by a computer programmed to effect the steps of:

- a) storing in a memory the determined condition of and the limited number of the collectibles (col. 5 and 6, limited number of Rolex watches are auctioned by a pawnshop operator of a consignment node, the watch records include condition because the condition of the Rolex watches (subjective information such as condition) is stored in consignment node database, see col. 3 L 61+);
- b) communicating to potential purchasers a message offering to sell the collectibles and specifying the determined condition and the limited number of collectibles offered for sale (since the pawnshop operator of a consignment node auctions several Rolex watches, he advertises this information including items being auctioned to prospective per col. 6 L 3 – 6); and
- c) receiving orders from the ordering potential purchasers (col. 6 L 21+ refer to bids received from the participants).

While Woolston teaches a method of facilitating an issuer of collectibles (any participant may be an issuer to manage an initial offering for the sale of a limited number of the collectibles of a predetermined condition, he fails to explicitly disclose that the communicated message pertains to selling a plurality of collectibles and that the message having the limited number of the collectibles, and allocating the offered collectibles among the selected of the potential purchasers.

Bezos in the same field of endeavor teaches a method of facilitating offering of collectibles for sale wherein a message including the limited number of collectibles, the condition of the collectibles is communicated to potential purchasers. Bezos, further teaches allocating the offered collectibles among selected of the ordering potential customers (see Figure 1 and 2). Bezos teaches

allocating the offered collectibles (see col. 2 L 16, example of Dutch auction wherein 10 gold wrist watches are all allocated to the bidders who placed 10 highest bids).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Woolston in view of Bezos to incorporate the message specifying the limited number of the collectibles and the allocation step as discussed above because, this modification would permit offering of a plurality of collectibles to a plurality of potential purchasers such that the information on available quantity and other pertinent information of the collectibles communicated to the potential purchasers and further distributed among the potential purchasers (bidders) such that maximum economic gain is realized by the issuer of the collectibles.

With respect to **Claim 96**, Woolston fails to disclose the following recitations: 1) “A method of facilitating an issuer of collectibles to manage an initial offering for sale of a limited number of the collectibles of a predetermined condition” (from the preamble of Claim 96); 2) “a storing in a memory the determined condition of and the limited number of the collectibles;” and 3) “b) communicating to potential purchasers a message offering to sell the collectibles and specifying the determined condition and the limited number of collectibles offered for sale.”

**Preamble of Claim 96:** Woolston does not disclose a method of facilitating an issuer of collectibles to manage an initial offers of collectibles. In particular, the assignment node user is not an issuer of the collectibles. As disclosed at col. 3, line 42 - col. 4, line 2, the issuer manages the input of data related to a previously sold card, in contrast to providing new or not previously sold collectibles. Also see Applicants’ argument with respect to the preamble of Claim 71 and its recitation 71a) for a complete discussion of why Woolston does not teach Appellants’ “issuer” and, in particular, that Woolston’s “consignment node user” does not perform or teach the functions of Appellants’ issuer as recited in Claim 96.

**Claim recitation 96 a):** Neither the portions of Woolston noted by the Examiner, i.e., columns 5 and 6, or col. 3, line 61+, nor the remainder of Woolston ‘561 disclose storing the limited number of the collectibles in a memory as recited in Claim recitation 96 a). Woolston does not disclose the offering of collectibles on a primary market. Setting the number of collectibles facilitates the offering of collectibles on the initial offering in direct contrast to the

teachings of Woolston as explained above with respect to Claim 94.

**Claim recitation 96 b):** Neither col. 6, lines 3 - 6 as pointed out by the Examiner nor the remainder of Woolston disclose the communicating of a limited number collectibles as claimed in Claim recitation 96 b). As explained above with respect to Claim recitation 96 a), the storing and communicating of a limited number of collectibles facilitates the offering of the collectibles on the initial offering, to which Woolston does not relate.

**Woolston/Bezos Does Not Teach Sending a Message Carrying a Number and Condition of Collectibles:** Appellants recite claim 96 as managing an initial offering of a limited number of collectibles, each being of a predetermined condition. The determined condition and limited number of the collectibles are stored in a memory and, further, are communicated to potential purchasers as a message offering to sell the collectibles. Appellants respectfully assert that the subject matter of claim 96 distinguishes the Woolston Patent.

**Claim 97 Dependent from Claim 96 and Claim 98 Dependent from Claim 97**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claims 97 and 98** as being obvious over Woolston in view of Bezos, is reproduced as follows:

Claims 97 and 98. wherein there is further included the step of creating a record in the memory for each successful purchaser to which collectibles were allocated..., storing the determined condition of the collectibles (sold database col. 14 L 57-63).

Woolston discloses a database for storing a record of data related to the collectibles rather than a purchaser history database as recited in Claims 97 and 98 for storing a record of purchaser data as explained in detail with respect to Claims 47 and 48.

**Claims 99-101 Dependent on Claim 96**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claims 99-101** as being obvious by Woolston in view of Bezos, is reproduced as follows:

Claims 99 - 101. collectibles comprise trading cards (trading cards broadly treated as collectibles).

Claim 101 recites that the collectibles are trading cards in uncirculated condition.

Woolston fails to teach the offering of collectibles in an initial offering , much less the placement of uncirculated trading cards for sale on a primary market.

**Independent Claim 137**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his rejection under §103(a) of **Claim 137** as being obvious over Woolston '651 in combination with Bezos, is reproduced as follows:

Claim 137. Woolston in view Bezos teaches a method of facilitating at least one administrator to manage collectible to at least first and second purchasers on a primary market and a secondary market respectively (refer to analysis of claim 77).

With respect to **Claim 137**, the record as reproduced above fails to disclose the following recitations: 1) "A method of facilitating at least one administrator to manage the sale of at least one collectible to a least first and second purchasers on a primary market and a secondary market respectively" from the preamble of Claim 137; 2) "b) facilitating the administrator to introduce the one collectible for sale on the primary market"; 3) "c) effecting the sale of the one collectible on the primary market to the first purchaser"; 4)"d) facilitating the first purchaser to offer for sale the purchased one collectible on the secondary market"; and 5) "g) maintaining the condition of the one collectible throughout the primary and secondary markets, whereby the one administrator may guarantee the determined condition of the one collectibles to at least the first and second purchasers".

**Claim recitation 137 b):** Appreciating the difficulty of applying the Examiner's analysis of a claim with certainty to a particular recitation of a claim, the undersigned will make a good faith effort to do so. The Examiner's analysis of and application of col. 2, lines 32-36 and lines 19-67 to the preamble of Claim 137 is apparently also being applied to Claim recitation 137 b). Applicants assert that col. 2, lines 32 and 19-67 do not teach the offering of a collectible for sale on the primary market for the reasons set out in detail by Applicants' remarks above with respect to Claim recitations 119 a) and 71 a). Further, that Examiner's application of col. 17, line 60 - col. 18, line 5 in Claim 71 is apparently also being made to recitation 137g). Applicants respectfully assert that that his passage does not teach the maintaining the condition of the



collectable during the primary and secondary markets for reasons advanced above in detail with respect to Claim recitation 131 a). Further, Applicants traverse the analysis that Claim recitation 137 g) is unpatentable because they are well known and inherent in view of the described method for the reasons explained in detail with respect to Claim recitation 133 f).

**Claims 138 and 139 each Dependent on Claim 137**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claims 138 and 139** as being obvious over Woolston '651 in view of Bezos, is reproduced as follows:

Claims 138 and 139. (wherein step f) of maintaining the condition comprises the step benign environment, encapsulating the one collectible in a protective housing (inherent to long term storage as discussed previously).

Woolston's "long term storage" does not teach to one skilled in the art a benign environment as stated in the Applicants' analysis of Claim recitation 71 e) or an encapsulated housing as discussed with respect to Claim recitation 115 c).

**Claim 140 Dependent on Claim 139**

The entire record made by the Examiner in June 20, 2005 Office Action to support his §103(a) rejection of **Claim 140** as being obvious over Woolston '651 in view of Bezos, is reproduced as follows:

Claim 140. wherein there is a second administrator, the second administrator having a secondary market, and there is further included the step of determining whether the protective housing has been tampered with and, if not, facilitating the second administrator to offer the one collectible of the determined condition for sale on the secondary market of the second administrator (col. 3 L 36-41, "trusted means").

The passage Woolston '651 identified by the Examiner, col. 3, Lines 36 - 41, does not teach the determining the collectible's condition by having a second administrator determine whether or not its protective housing has been tampered with.

**Claim 141 Dependent on Claim 139**

The entire record made by the Examiner (see page 24, lines 31 - 34 of the March 12, 2004 Office Action) to support his §103(a) rejection of **Claim 141** as being obvious over Woolston in view of Bezos, is reproduced as follows:

Claim 141. wherein the one administrator continues to guarantee the condition of the one collectible as long as the protective housing remains in tact (customary business practice).

Applicants assert that Woolston '651 teaches neither the maintaining a benign environment to protect a collectible as discussed with respect to Claim recitation 71 a), nor the encapsulation of the collectible as argued with respect to Claim recitation 115 c) to permit the guaranteeing of its condition for an extended period of time. Still further, the Examiner has not constructed a record specifically teaching the motivation for combining a step of maintaining the collectible in a benign environment during the marketing of a collectible with a further step encapsulating the protected collectible as delivered to a purchaser on the secondary market.

**ARGUMENT: The Sixth Ground of Rejection Reviews Whether  
the Examiner's Record Fails to Show that Applicants' Claims are Obvious  
under 35 U.S.C. §103(a) over Woolston.**

The Non-Final Office Action dated June 20, 2005 rejects Claims 131-136 as being obvious over U.S. Patent Nos. 5,845,265 or 6,266,651 of Woolston.

**Independent Claim 131**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of the **Claim 131** as being obvious over Woolston '651 is reproduced as follows:

Claim 131. Woolston teaches a method of managing the initial offering for sale of collectibles, the method comprising the steps of:

steps a) - c) have been discussed in Claims 71, 73 and 77.

d) provide each successful purchaser the option to remove its collectibles, in the same predetermined condition, from the protective environment (see at least col. 17 L 60- col. 18 L 14 "It is also understood that the bailee agreement may be for a predetermined time and/or require the posting terminal user to hold a good for a predetermined time and/or ship the good to a long term storage facility to ease the bailee burden of posting terminal users where a participant elects to hold legal ownership but keep the good available in the electronic market place for the long term."); or to continue to keep the collectibles in the protective environment (see at least col. 17 L 60- col. 18 L 14 "It is also understood that the bailee agreement may be for a predetermined time and/or require the posting terminal user to hold a good for a predetermined time and/or

ship the good to a long term storage facility to ease the bailee burden of posting terminal users where a participant elects to hold legal ownership but keep the good available in the electronic market place for the long term.”);

at least said steps b) - d) being implemented at least in part by a programmed computer (discussed before).

With respect to **Claim 131**, the record as reproduced above fails to demonstrate that Woolston discloses the following recitations: 1) “A method of managing the initial offering for sale of collectibles” (as set out in the preamble); 2) “a) keeping the collectibles of a predetermined condition in a protective environment”; 3) “b) initially offering for sale to potential purchasers the collectibles on an initial market”; 4) “c) determining the successful purchasers of the collectibles in the initial market”; and 5) “d) provide each successful purchaser the option to remove its collectibles from the protective environment or to continue to keep the collectibles in the protective environment “.

The Examiner's application of Woolston to the recitations 131a, b and c is not clear. In particular, the Examiner cryptically states, “steps a) - c) have been discussed in Claims 71, 73 and 76.” Without positively connecting his analysis to a particular recitation of the claim, there is the possibility that a significant part of the Examiner's record may be inadvertently misinterpreted. The Examiner is requested to review the following argument to ensure that no part of the Examiner's rejection was overlooked. If some part of the rejection has been overlooked, the Examiner is requested to communicate that omission to the undersigned.

**Claim recitation 131 a):** Applicants assert that the recitation of “keeping the collectibles of a predetermined condition in a protective environment” is **not** taught by Woolston ‘651. By contract, Woolston ‘651 teaches that the consignment node user which is obligated to an assignment agreement, must “hold a good for a predetermined time and/or ship the good to a long term storage facility, col. 17, line 60 - col. 18, line 5 (from Claim recitation 17d). Neither this quoted statement nor its context in Woolston ‘651 supports the Examiner's position. First, the Claim recitation 131 a) specifies that the goods will be sent to a “long term storage facility”. Applicants assert that this quote from Woolston ‘651 does not in the least imply or teach that such a facility has a “protective environment”. A careful reading of this quote indicates that

Woolston '651 is not concerned with protecting or maintaining the condition of the collectibles, but rather with finding room to store such goods, i.e., to “keep the good available in the electronic market place for the long term”, as described in detail with respect to Claim recitation 71 d). See col. 18, lines 4 and 5.

**Claim recitation 131 b):** The Examiner rejects the recitations of “initially offering for sale to potential purchasers the collectibles on an initial market”, and of “determining the successful purchasers of the collectibles in the initial market” based on the Examiner's analysis of the preamble and the Claim recitation 71 a), which in turn relies on col. 2, lines 29 - 67. This passage is discussed above at length by Applicants' comments on Claim recitation 119 a). As previously discussed, Applicants conclude that this passage does not disclose the offering of collectibles of given conditions for sale on either the primary or the initial market to potential purchasers.

**Claim recitation 131 d):** Further, the Examiner asserts that Claim recitation 131 d) of providing the purchaser an option to recover goods from a protective environment or keep them in such an environment, as recited in full above, is disclosed by the col. 12, lines 55 - 66 of Woolston. Though that quote discloses that the participant has an option to retain the goods at the consignment node or to remove the goods therefrom, Woolston '651 does not disclose any “protective environment”, much less that the consignment node is that recited protective environment. Attention is also drawn to Applicants' analysis of Woolston '651 with regard to Claim recitation 71 d).

#### **Claim 132 Dependent from Claim 131**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 132** as being obvious over Woolston '651 is reproduced as follows:

**Claim 132.** wherein if a successful purchaser opts to remove its collectibles, the collectibles to be removed are disposed in a protective housing (inherent to shipment of collectibles, step 414, Fig. 414).

Woolston '651 does not disclose the removal of the purchase collectible and put it in the recited “protective housing” for the reasons set out in the analysis of Claim recitation 115 c).

**Independent Claim 133**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 133** as obvious over Woolston '651, is reproduced as follows:

**Claim 133.** Woolston teaches a method of facilitating an issuer of collectibles to manage the sale of at least one collectible from a first purchaser to a second purchaser, said method comprising the steps of:

a) - c), e) and f) refer to analysis of Claims 110 and 115

d) transferring the ownership of the one collectible from the first purchaser to the second purchaser by deleting the one collectible from the first record and adding the one collectible to the second record (col. 18 L 63 - col. 19 L 15, transferring legal title).

With respect to **Claim 133**, the record as reproduced above fails to disclose the following recitations: 1) "A method of facilitating an issuer of collectibles to manage the sale of at least one collectible from a first purchaser to a second purchaser (from the preamble); 2) " b) initially determining the condition of the collectible"; 3) "b) facilitating the first purchaser to the offer its one collectible for sale"; 4) "c) constructing a database with first and second records respectively for the first and second purchasers"; 5) "d) transferring the ownership of the one collectible from the first purchaser to the second purchaser by deleting the one collectible from the first record and adding the one collectible to the second record"; and 6) "f) maintaining the condition of the one collectible at lease during the step b), whereby the condition of the collectible sold to the second purchaser may be guaranteed by the issuer to be the initially determined condition".

The Examiner applies Woolston '651 to the recitations 133a), b), c), e) and f) by merely referring to his analysis of Claims 110 and 115. Applicants assert that such a record is inadequate in that it does not clearly and unambiguously map each claim recitation to a particular portion of Woolston '651, much less determine the scope of Claim 133. Applicants will make a good faith effort to identify and apply portions of Woolston to the recitations of Claim 133.

**Claim recitation 133 a):** The Examiner is apparently relying on his analysis of Claim recitation 110 a) to anticipate Claim recitation 133 a). In turn, the Examiner's analysis of Claim recitation 110 a) relies on col. 2 , lines 61-66 and screen 956 as shown in Figure 13 for a disclosure of storing an indication of the condition of a collectible. In particular, Figure 13

discloses a graphical user interface which includes a screen 956, which displays a written description of the object, e.g., a watch that is offered for sale. In this example, the description reads, “This is a mint condition Rolex that was a gift to the previous original owner”. Claim recitation 133 a) reads “initially determining the condition” of the collectible. The initial determination of the collectible's condition enables an administrator to guarantee its condition on the primary and secondary because the collectible condition was initially determined. By contrast, the potential purchaser of the Rolex does not have the assurance of such a preliminary determination, but must rely on the subjective evaluation given to this watch sometime after its first sale by the assignment node user as explained in col. 3, lines 61-66 of Woolston ‘651.

**Claim recitation 133 c):** As noted by the Examiner in his analysis of Claim recitation 110 b), col. 9, line 65 to col. 10, line 2, discloses the construction of a data record for the collectibles, but not for the recited first and second purchasers.

**Claim recitation 133 f):** The Examiner relies on his analysis of Claim recitation 110 d) (see col. 12, lines 56-59) for a disclosure of maintaining the condition of a collectible, stating that, “encapsulating is a choice of the seller for shipping.” The undersigned's review of the noted portion of Woolston, as well as all of Woolston ‘651, finds no teaching of encapsulation, much less of maintaining the condition of a collectible. The Examiner also asserts in his analysis of claim recitation 115 d) that encapsulating the collectible to protect its condition and to enable an issuer to guarantee its condition is “a well known practice” and is “an inherent feature of Woolston ‘651 because the issuer is a reputable entity.” Also see Appellants’ argument with respect to the preamble of Claim 71 and its recitation 71a) for a complete discussion of why Woolston ‘651 does not teach Appellants’ “issuer” and, in particular that Woolston’s “consignment node user” does not perform or teach the functions of Appellants’ issuer as recited in Claim 133. To establish inherency, the Examiner must provide the factual and technical grounds to establish that the inherent features necessarily flows from Woolston ‘651. *Levy*. In similar fashion, the Examiner can not merely state that Applicants’ invention is well known in the art or is within the common knowledge of one skilled in the art. Rather, the Examiner must create a record including evidence on which such findings are based and the Examiner's

reasoning in reaching such a conclusion. *Lee*. Further Applicants' invention is not merely the protection of collectibles per se, but rather the method of protecting the condition of the collectibles while they are being offered on a primary market and/or secondary market. In this regard, the Examiner has failed to construct any record that anticipates or obviates such a method.

**Claim recitation 133 f):** Applicants have provided increased assurance and the ability to guarantee the condition of collectibles that are offered for sale on the secondary market. As described above, Applicants' method can control the condition of its collectible at least up to the time that a collectible is offered for sale by the first purchaser. This advantage is achieved at least in part by facilitating the first purchaser to make an offer of the one collectible of a given condition, whereby the first purchaser may offer that collectible with the assurance that it is of that given condition. By contrast, Woolston '651 can not offer its collectibles with the same assuredness of the collectible's condition. Woolston suggests that the consignment node user can enter onto the card's record the condition of that card based upon the user's "own subjectivity and quality standard in item posting". See col. 3, line 61 to line 2, col. 4. Woolston '651 suggests that the user's subjectivity is a problem and that "(e)ach consignment node user may be a franchisee of a central franchiser and the franchiser may police the network to give quality control, detect fraud and revoke the franchises of licenses of poor quality consignment node users." See col. 4, lines 40 - 58.

#### **Claim 134 Dependent on Claim 133**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 134** as being obvious over Woolston'651 is reproduced as follows:

Claim 134. wherein step f) keeps the one collectible in the benign environment during at least steps b), c) and d) (long term storage facility, col. 17 L 2- col. 18 L5).

Woolston '651 does not disclose keeping a collectible in a benign environment during the steps of offering the collectible for sale, constructing a database and transferring the owner ship from the first purchaser to the second purchaser for the reasons presented with respect to Claim recitations 71 e) and 33 f).

**Claim 135 Dependent on Claim 134**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 135** as being obvious over Woolston '651 is reproduced as follows:

Claim 135, wherein step d) further transfers the ownership of the one sold collectible from the second purchaser to a third purchaser, and step c) further constructs the data base with a third record for the third purchaser transfer of ownership of goods, Fig. 9, col. 18 L 63 - col. 19 L 15, transferring legal title).

The passage at col. 18, Line 63 - col. 19, Line 15 does not teach that the database includes at least first and second records for their respective purchasers to facilitate the transferring of the collectible's title from the first record to a second in contrast to "process transactions from participants by clearing a transaction and transferring legal tile to a good".

**Claim 136 Dependent on Claim 135**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 136** as being obvious over Woolston '651, is reproduced as follows:

Claim 136, wherein step d) further transfers the ownership of the one collectible from the second purchaser to the third purchaser by deleting the one collectible from the second record and adding the one collectible to the third record (transfer of ownership of goods, Fig. 9, col. 18 L 63 - col. 19 L 15, transferring legal title).

The passage at col. 18, Line 63 - col. 19, line 15 also does not teach the transferring title from a second purchaser to their purchaser by deleting a second record from the database to a third record.

**ARGUMENT: The Seventh Ground of Rejection Reviews Whether The Examiner's Record Fails to Show that Appellants' Claims are Obvious  
35 U.S.C. Section 103 over Woolston '265 and by Taking Official Notice or Being Inherent**

The Non-Final Office Action made by the Examiner in the June 20, 2005 rejects Claims 41, 43, 52, 62-69, 82-85, 104-107 and 115-118 under 35 U.S.C. Section 103(a) as being obvious over U.S. Patent No. 5,845, 265 (Woolston '265) and by taking notice that certain parts are deemed by the Examiner to be well known in the art by Official Notice, and/or inherent.

The Supreme Court mandated in *Graham*, that an analysis must be made into each of: 1) the scope and content of the prior art, 2) the differences between the prior art and the claimed



subject matter, and 3) the level of ordinary skill in the art at the time the invention was made. The USPTO bears the initial burden of establishing that a claimed invention has satisfied these three inquiries. *Piasecki*. Applicants assert that the Examiner has not created a record of all three *Graham* inquiries for each of Claims 41, 43, 52, 62-69, 82-85, 104-107 and 115-118.

**Claim 52 Dependent on Claim 49**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 52** as being obvious over Woolston '651 and by taking notice that certain parts are deemed by the Examiner to be well known in the art by Official Notice, and/or inherent, is reproduced as follows:

Claim 52. Woolston fails to recite that the ordering activity includes receiving a number of said received orders and incrementing the number of orders in receipt of each order.

Official Notice is taken that maintaining records of ordering activity for orders received for goods offered for sale, including records of number of received orders and incrementing number of orders is old and well known in merchandising art.

It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to have the ordering activity include the recited features because it would provide a measure of the demand for the offered collectible versus its' availability.

Applicants traverse the Examiner's characterization of incrementing the number of received orders in response to the receipt of each order, in that the Examiner has failed to construct a record that logically and technically shows how the constructing of such a database leads one skilled in the art to increment the purchaser's record.

**Independent Claim 62**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his § 103(a) rejection of **Claim 62** as being obvious over Woolston '651 and by taking Official Notice that certain parts are deemed by the Examiner to be well known in the art, and/or to be inherent, is reproduced below.

Claim 62: Woolston discloses a method of managing the sale of uncirculated collectibles (goods for consignment node market, see col. 10 L 29-32) and maintenance of the collectibles in their uncalculated condition in a protective environment, said method carried out on a programmed computer (see Figure 1 and 3) to effect the following steps:

- a) inputting to the programmed computer data as to the identify of a plurality uncirculated collectibles maintain in the protecting environment to keep the maintained collectibles in their uncirculated condition; (col. 2, L 30-40, refer to “electronic markets for collectible goods” which inherently teaches the recited step and col. 9 L 66- col. 10 L 32 which explicitly teaches procedure to “build a database of goods” by inputting data regarding identity of the goods (uncirculated collectibles). Note the posting is described for each good and repeated for a plurality of goods (uncirculated collectibles);

- b) communicating and initial offering for sale of the uncirculated collectibles to prospective purchasers;

(refer at least to an auction process described at col. 10 L 40-46 which recites an offering of items (uncirculated collectibles) and database of goods to be auctioned to auction participants who are prospective buyers, note that the term “initial offering” is treated as inherent to the auction in which the collectibles are auctioned for the first time)

- c) receiving and accepting a plurality of received orders whereby corresponding purchasers purchase the uncirculated identified collectibles; (see col. 10 L 40-46 the process of successively offering the goods to the auction participants 258 from whom the orders (bids) for the goods are received and accepted)

and

- d) communicating with each of the purchasers who has purchased uncirculated collectibles a message prompting each purchasers to effect selected of the following:
  - i. to keep their purchased uncirculated identified collectibles in the protective environment.
  - ii. offer for sale on the secondary market to the prospective purchasers the uncirculated identified collectibles that had been purchased on the primary market, and

- iii. forward the uncirculated identified collectibles to the corresponding one of the purchasers.

(refer to col. 55-66, “if the participant has elected to ship goods” corresponds to step iii., “it is understood that the participant may elect to leave the good or collectible at the consignment node” corresponds to step i., and “post a new offer or reserve price” corresponds to step ii.)

Woolston fails to teach explicitly that the collectibles are “maintained in the protecting environment to keep the maintained collectibles in their uncirculated condition”

However these differences are only found in the nonfunctional descriptive material “maintained in the protecting environment to keep the maintained collectibles in their uncirculated condition”

None of the steps performed by the program on the server depend upon the manner in which the collectibles are maintained. In this regard the aforementioned limitation is treated as non-functional limitation or as non-functional descriptive material since it is not functionally involved in the steps recited. The inputting, communicating, receiving and accepting steps would be performed the same regardless of the limitation. Thus, this non-functional descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983), *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed Cir. 1994).

Therefore, it would have been obvious to a person of ordinary skill in the art at the time the invention was made to carry out the recited inputting, communicating, receiving and accepting steps per claimed invention because such data (the terms “initial offering” and “determined condition”) do not functionally relate to the steps in the method claimed and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

Notwithstanding the assertion that Woolston explicitly teaches the communicating step which prompts the purchasers of the collectibles the selected of the actions listed as i) – iii), it is also noted that the limitation “prompting such purchasers to effect selected of the following..” is also recited in the claim as non-functional descriptive material and alternatively rejected on the ground of analysis similar to that presented in the foregoing paragraph.

Appellants respectfully assert that claim 62 is functional descriptive material. In particular, the recitations of this claim include “maintaining in a protective environment

collectibles in their original condition“ and, thus, are available to distinguish the Woolston patent, whereby this claim is unobvious under 35 U.S.C. Section 103(a). In contrast to the Examiner’s assertion, the recitation of maintaining the original condition of a collectible by placing it into a protective environment is functionally related to the subsequently recited step of purchasing of the offered collectibles.

With respect to the **preamble of Claim 62 and recitation 62 a)**, Woolston ‘651 does not teach the management of offerings on first and second markets, whereby the uncirculated collectibles are offered for sale on the first market and are “maintained in the protective environment to keep the collectibles in their uncirculated condition.” The Examiner admits that Woolston ‘531 does not teach that the uncirculated collectibles are maintained in a “protective environment.” The Examiner however states that maintaining in a protective environment is merely “non-functional descriptive material” and, as such, can not be given patentable weight (either under section 102 or 103). Appellants to the contrary assert that “maintaining in a protective environment” may not be disregarded for the reasons detailed with respect to the discussion of Claim 71 above.

With respect to the **recitation 62 d)**, Woolston ‘531 does not disclose the sending of a message for offering a purchaser of an uncirculated collectible at least the following three courses of action: 1) keeping the purchased uncirculated collectible in the protective environment; 2) offer the uncirculated collectibles that were purchased on the first market, for sale on the second market; and 3) forward the uncirculated collectibles to the successful purchaser.

**Claims 63, 64, 66, 67 and 68 Dependent from  
Claim 62 and Claim 65 being Dependent from Claim 64**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his § 103(a) rejection of **Claims 63-68** as being obvious over Woolston ‘651 and by taking Official Notice that certain parts are deemed by the Examiner to be well known in the art, and/or to be inherent, is reproduced below:

Claim 63. Upon acceptance of the order – data reflected of the accepted is stored in a memory. (see at least col. 12 45-48, ownership entry).

Claim 64. There is included a memory comprising a plurality of storage locations and upon acceptance of an order from a particular purchaser a corresponding one of the storage locations is dedicated to the particular purchaser and the data reflective of the accepted order is stored in the corresponding storage location (see at least col. 12 45-48, ownership entry).

Claim 65. Each of the storage location stores the purchasing activity of its purchaser (see at least col. 12 45-48, ownership entry).

Claim 66. There is further included the step of updating the purchasing activity of its purchaser in response to the purchase (see at least col. 14 L 12+ “transactions on buying and selling of goods”, col. 19 L 36-46 refer to tracking participate accounts).

Claim 67. Responding to an instruction from a particular purchaser to communicate with each of the prospective purchaser an offer to sell on the secondary market the uncirculated collectibles.

(col. 12 L 60-61 “re-post the good or collectible”)

Claim 68. Prompting each search purchaser to alternatively request that its uncirculated collectibles be forwarded to the corresponding purchaser.

(col. 12 L 55-59 “the participant has elected to ship goods”)

With respect to **claims 63 – 65**, ‘531 Woolston does not teach the use of a memory for storing data reflective of the accepted order and, more particularly, where the storage location is dedicated to the particular purchase and the purchased data is stored in the corresponding location.

In claim 66, ‘531 Woolston does not disclose updating purchasing data derived from either/and of the primary market or the secondary market.

In claim 67, ‘531 Woolston does not disclose a further step to offer to sell on the secondary market selected ones of the uncirculated collectibles of the particular purchaser.

In claim 68, ‘531 Woolston does not disclose further prompting each purchaser to alternatively request that its uncirculated collectibles to the corresponding requesting purchaser.

**Independent Claim 69**

The entire record made by the Examiner in the June 20, 2005 Office Action to support the rejection under § 103(a) of **Claim 69** as being obvious over Woolston 151 and by taking Notice that certain parts are deemed by the Examiner to be well known in the art, and/or to be inherent, is reproduced below:

Claim 69. Woolston teaches a method of managing a server (to support a plurality of purchasers to transmit from corresponding remote stations over a network to the server orders for uncirculated collectibles and protective environment to receive and maintain the uncirculated collectibles in their uncirculated condition), the method carried out by the programmed server to effect the steps as follows:

a) generating and transmitting from the server an initial offering for sale the uncirculated collectibles to prospective purchasers (refer at least to an auction process described at col. 10 L 40-46 which recites an offering of items (uncirculated collectibles) and database of goods to be auctioned to auction participants who are prospective buyers, note that the term "initial offering" is treated as inherent to the auction in which the collectibles are auctions for the first time, refer also to process of auctioning the goods (uncirculated collectibles) as explained in detail);

b) receiving and accepting a plurality of received orders from corresponding ones of the ordering purchasers whereby corresponding purchasers purchase the uncirculated collectibles;

(see col. 10 L 40-46 the process of successively offering the goods to the auction participants 258 from whom the orders (bids) for the goods are received and accepted)

and

c) generating and transmitting from the server to each of the purchaser .. messages prompting these purchasers to effect selected of the following:

- i. keep their purchaser uncirculated collectibles in a protective environment, and
- ii. offer for sale on a secondary market to the prospective purchasers the uncirculated collectibles that have purchased on the primary market (refer to col. 55-66, "if the participant has elected

to ship goods” corresponds to step iii., “it is understood that the participant may elect to leave the good or collectible at the consignment node” corresponds to step i., and “post a new offer or reserve price” corresponds to step ii.)

Notwithstanding the assertion that Woolston explicitly teaches the communicating step which prompts the purchaser of the collectibles the selected of the actions listed as i) and ii), it is also noted that the limitation “prompting such purchasers to effect selected of the following.” is also recited in the claim as non-functional descriptive material and alternatively rejected on the ground of analysis similar to that presented in the foregoing paragraph.

Appellants respectfully assert that the subject matter recited in claim 69 is functional descriptive material. In particular, the recitations of this claim include “prompting of the purchasers to select keeping the uncirculated collectibles in a protective environment” and, thus, are available to distinguish the Woolston patent, whereby this claim is unobvious under 35 U.S.C. Section 103(a). The recitations of prompting the purchaser to either keep the collectibles in a protective environment, or to offer it for sale on a secondary market is clearly functional descriptive material and, thus, patentable.

With regard to Claim 69, we note that claims 69 is similar to Claim 62 and that ’531 does not disclose of maintaining uncirculated collectibles in a protective environment to maintain the uncirculated collectible in their uncirculated condition and providing an initial offering for the sale of the uncirculated collectible to the prospective purchasers, receiving order from the corresponding purchasers and providing message prompting these purchases to effect the following: 1) keep the uncirculated collectibles in the protective environment, and offer for sale on a secondary market the uncirculated collectibles that had been purchased. The Examiner again deems the prompting step to be non-functional descriptive material and, thus, should not be given patentable weight. Attention is drawn to Claim 71 above wherein the error of such a holding is fully explained.

With regard to **Claim 69**, we note that claim 69 is similar to Claim 62 and that ’531 Woolston does not disclose: 1) the maintaining of uncirculated collectibles in a protective environment to maintain their uncirculated condition; 2) providing an initial offering for the sale

of the uncirculated collectibles to the prospective purchasers; 3) receiving orders from the corresponding purchasers; and 4) providing a message prompting these purchases. These messages keep the uncirculated collectibles in the protective environment, and offer for sale on a secondary market the uncirculated collectibles that had been purchased. The Examiner again deems the prompting step to be non-functional descriptive material and, thus, should not be given patentable weight. Attention is drawn to Claim 71 above wherein the error of such a holding is fully explained.

**Claims 104 and 105 each Dependent on Claim 102,  
Claim 106 Dependent on Claim 105, Claim 107 Dependent on Claim 106**

The entire record made by the Examiner (page 25, line 30 to page 26, line 30, and page 30, lines 24 - 36 of the March 12, 2004 Office Action ) to support his §103(a) rejection of **Claims 104-107** as being obvious in view of Woolston '651 and by taking Official Notice that certain parts are determined by the Examiner to be well known in the art, is reproduced as follows:

**Claims 104-107.** Woolston fails to explicitly disclose the manner in which the condition of the collectibles is maintained whether by placing a plurality of the collectibles in a benign environment or by placing in a protective casing.

Official Notice is taken that various methods of protecting collectibles such as protective casing, tamper evident casing and benign environment as recited in the instant claims are old and well known.

It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to have the condition of the collectibles maintained by placing in the collectibles in a protective casing, tamper evident casing and benign environment as deemed appropriate.

All other limitations have been analyzed as per claim 102 analysis.

The Examiner admits that, "Woolston, fails to teach explicitly that step c) maintains the condition by placing a plurality of the collectibles in a benign environment. "Following that admission, the Examiner further asserts that "maintaining appearance (of collectibles ) is extremely well (sic) in the art" and thus "would have been obvious to modify Woolston --- to



maintain “the condition of the collectible.” Appellants respectfully assert that such a rejection does not spell out a sufficient basis for such a rejection, much less establish an adequate record.

The Examiner further asserts that it would “obvious to modify the Woolston or to combine “ Woolston with “the various methods deemed to appropriate for maintaining the condition of the collectible” which were deemed to be well known in the art. Applicants assert that the Examiner's above statements as to combining and being “available to one of ordinary skill in the invention” are merely conclusionary in nature and do not adequately support the Examiner's record. In particular, Applicants are not merely disposing the goods in a benign condition, but are further keeping the collectibles in a benign condition during the steps of initially offering the collectibles for sale, allocating the collectibles and constructing a record for each of the purchasers. The Examiner's attention is also directed to Applicants' analysis of Claim recitation 71d).

### **Independent Claim 115**

The entire record made by the Examiner in the March 12, 2004 Office Action to support his rejection under §102(e) of **Claim 115** based upon Woolston ‘651 and being well known in the art by taking Official Notice or by being inherent, is reproduced as follows:

**Claim 115.** Woolston teaches a method of facilitating an issuer of collectibles to manage the sale and distribution of at least one collectible from a source to at least one purchaser, said method comprising the steps of

- a) offering the one collectible of a predetermined condition for sale
  - per Woolston, offering of collectibles is communicated by a consignment node to plurality of participants (customers and collectors) col. 2 electronic markets for collectible goods see col. 2 L 27-57);
- b) effecting the sale of the one collectible of the determined condition (see at least col. 12 L 20-24, transfer of ownership of the collectibles);
- c) and f) receiving a request of the one purchaser to distribute from the source its one sold collectible and responding to the request by encapsulating the one sold collectible, whereby the determined condition of the one sold collectible is continued to be maintained (col. 12 L 56-59, the participant elects to ship goods., encapsulating is a choice of the seller for shipping);

d) maintaining the predetermined condition of the one collectible at least during steps a) and b) until the one collectible is encapsulated, whereby the issuer is enabled to guarantee the condition of the encapsulated collectible (this limitation is interpreted as storing or safeguarding the collectibles as deemed appropriate by the entity holding the collectibles, such as the operator of the collectible nodes or the owner of the collectibles, therefore this step is inherent in Woolston reference (see col. 2, L 44-46) furthermore, specifying the condition of the collectible (col. 3, L 61-66 “condition of the card” etc.) in which the collectibles are offered inherently requires maintaining the condition while the collectibles are offered for sale.) to enabled to guarantee the condition of the collectibles. No patentable weight is given to limitation “until the one collectible is encapsulated, whereby..” since the maintaining step is performed during steps a) and b).

e) said steps a) - c) being implemented by a programmed computer (see Figures 1-3 which depict computer implementation of the method).

f) distributing the encapsulated collectible from the source. (see col. 12 L 55-59, shipment).

Woolston fails to explicitly teach that the request of the purchaser is responded to by encapsulating the sold collectible.

Official Notice is taken that encapsulating collectibles for shipment to a purchaser of the collectible is old and well known in the art of collectibles.

It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to have the collectible encapsulated in response to a purchase request because this would ensure that the collectibles maintains it's specific or guaranteed condition while in the shipment.

With respect to **Claim 115**, the record of what Woolston '651 disclosed as reproduce above fails to disclose the following recitation: 1) “A method of facilitating an issuer of collectibles to manage the sale and distribution of at least one collectible from a source to at least one purchaser” (as recited in the preamble); 2) “c) receiving a request of the one purchaser to distribute from the source its one sold collectible and responding to the request by encapsulating the one sold collectible, whereby the determined condition of the one sold collectible is continued to be maintained;” 3) “d) maintaining the predetermined condition of the one collectible at least during steps a) and b) until the one collectible is encapsulated, whereby the

issuer is enabled to guarantee the condition the encapsulated collectible;” and 4) “f) distributing the encapsulated collectible from the source.”

**Preamble of Claim 115:** Woolston ‘651 does not disclose a method that facilitates an issuer of collectibles to offer a collectible of a predetermined condition. An extensive explanation of such lack of teaching is found in Applicants' argument above with respect to the preamble of Claim 96. Unlike Woolston ‘651, the preamble further includes the recitation of a source of the collectibles, from which the issuer distributes the collectibles. Further, the consignment node user of Woolston is not an issuer of the collectibles. See Applicants' argument with respect to the preamble of Claim 71 and its recitation 71a) for a complete discussion of why Woolston does not teach Appellants' “issuer” and, in particular, that Woolston’s “consignment node user” does not perform or teach the functions of Appellants’ issuer as recited in Claim 115. As disclosed at col. 3, line 42 - col. 4, line 2 of Woolston ‘651, the assignment node user offers for sale only a previously purchased collectible in contrast to an issuer from a source of new or uncirculated collectibles.

**Claim recitations 115 c) and d):** Further, Woolston discloses maintaining the predetermined condition of a collectible as claimed in Claim recitation 115 d) neither during the offering and sale of the collectible, nor until the collectible is encapsulated as detailed above with respect to Claim recitation 71 d). Further, steps c) and d) ensure that the condition of the offered collectible is maintained from the time that the issuer issues the collectible from a source until it is encapsulated for distributors from the source to the one purchaser. Applicants do not fully understand the Examiner's argument that, “(I)t is well known practice to enabled (sic) to guarantee the condition of the collectibles”, and would traverse this statement if it was intended to say that it well known to enable an issuer to guarantee its collectible by performing the steps c), d) and c) as recited in Claim 115.

**Misuse of Inherency Rejection:** The Examiner’s use of inherency fails to establish a prima facie record of obviousness over US Patent No. 6,266,651 of Woolston (Woolston Patent). In particular, Appellants recite in their claim 115 a method of offering for sale a collectible like a baseball card while the card is maintained at a condition until the card is encapsulated for

distribution. While acknowledging that the Woolston Patent failed to disclose the step of maintaining the condition of the collectibles over a recited period of time, the Examiner found that Woolston's providing "text information concerning the card" (see col. 3, lines 61 – 67) "inherently requires maintaining the condition while the collectibles are offered for sale (see page 24, lines 40 et seq. of the 6/20/05 Office Action). The Examiner's argument is no more than a conclusionary statement that fails to establish the asserted inherency. Zurko, 59 USPQ2d 1693.

At page 5 of the outstanding Office Action, the Examiner notes that step b) of claim 102 of allocating selectable collectibles is inherent in view of col. 2 L 27-57. Appellants respectfully assert that the cited portion of the applied Woolston Patent is not relevant to step b) of Appellants' claim 102 and is no more than a conclusory statement.

Further, Appellants respectfully assert that the Examiner has not established a prima facie case of anticipation in that he admits that at least one recitation of claim 102 is not met by Woolston. The Examiner asserts that step e) of claim 77 at page 14 identifies the "condition of the card" as set out in (col. 3 L 61-66)," and thus inherently requires that maintaining of the condition while the collectibles are offered for sale. Appellants respectfully assert that determining the collectible condition does not necessarily or inherently indicate that there will be a step or means for maintaining the condition of the collectible. The Examiner at best has merely made a conclusory statement as to maintaining the collectible condition.

Appellants respectfully traverse the statement in step d) of claim 115 (page 24) that specifies the "condition of the card" "inherently requires maintaining the condition while the collectibles are offered for sale," Col. 3, L 61-66 of Woolston. Appellants have reviewed this identified portion and respectfully assert that one skilled in the art would not associate the step of maintaining the collectibles condition with the noted portion of the Woolston reference and is no more than a conclusory statement of the missing teaching.

In step a) of claim 62, the Examiner asserts that col. 9 L 66-col 10 L 32 explicitly teaches the building of a database by inputting data regarding the identity of the goods. The noted portion of Woolston is no more than a conclusory statement of the desired teaching of Woolston.

Step e) of claim 71 (at page 8) asserts that the step of maintaining is inherent from the

passage (at col. 2 L 44-46) which asserts that determining the condition of the card “inherently requires maintaining the condition while the collectibles are offered for sale.” Appellants respectfully traverse this interpretation of the Woolston Patent and the use of inherency to include the step of maintaining the condition. In particular, Appellants respectfully assert that the mere determining of the condition of the collectible would not logically require the maintaining of the condition. Appellants respectfully assert that this use of inherency is not in the least supported by the disclosure of Woolston, but rather such teaching is a product of hindsight knowledge of Appellants’ application. Appellants note that the Examiner has used a similar interpretation of the following claims in his use of inherency. Thus, Applicant respectfully requests that any rejection based upon this flawed use of inherency be withdrawn.

**Claim 116 Dependent from Claim 115**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 116** as being obvious over Woolston ‘651 and being well-known in the art by taking Official Notice and/or being inherent, is reproduced as follows:

Claim 116. wherein the step d) of maintaining keeps the plurality of collectibles at the source in a protective environment, whereby their conditions are maintained (long term storage, col. 17 L 60 - col. 18 L 5).

Applicants assert that the disclosure of “long term storage” is not a teaching of maintaining the collectibles in a begin environment as explained in detail with respect to Claim recitation 71 d).

**Claim 117 Dependent from Claim 115**

The entire record made by the Examiner in of the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 117** as being obvious over Woolston as being known in the prior art and/or by being inherent, is reproduced as follows:

Claim 117. wherein the request of the one purchaser alternatively directs that the one sold collectible be distributed from the source to the one purchaser or the sold collectible is kept in its determined condition at the source (col. 12 L 59-66, leave the good at the consignment note).

Col. 12, lines 59 - 66 of Woolston fails to teach that collectibles are distributed from the source

of these collectibles under the control of the issuer of the collectibles, and keeping the collectibles in the determined condition at the source as explained in detail with respect to the Claim recitation 71 d).

**Claim 118 Dependent from Claim 117**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 118** as being obvious over Woolston '651 and being well known in the art as by taking Official Notice and/or being inherent, is reproduced as follows:

Claim 118. further including the step of alternatively maintaining the collectibles at the source in a protective environment after the sale of the one collectible or encapsulating the one collectible after its sale, whereby the plurality of collectibles are maintained at their determined conditions, whether they are kept at the source or distributed to the one purchaser (long term storage, col. 17 L 60 - col. 18 L 5).

Woolston fails to disclose the maintaining of the predetermined condition of the collectibles or the encapsulation of the collectibles for distribution from the source to its purchaser, whereby the collectibles are maintained at their determined conditions. Whether they are kept at the source or distributed to the one purchaser as explained in detail with respect to Claim recitation 71 d).

**Claim 41 is Dependent Successively through Claim 72 on  
Independent Claim 71 and Claim 43 is Dependent on Claim 41**

The entire record made by the Examiner (page 28, line 25 to page 39, line 3 of the March 12, 2004 Office Action) to support his Section 103(a) rejection of dependent Claims 41 and 43 is reproduced as follows:

Claims 41 and 43. Woolston fails to teach that if said total number of collectibles exceed the predetermined number of collectibles, said step of allocating reduces the number of collectibles to be allocated to selected of the ordering purchases in accordance with a predetermined algorithm which includes direct function of the magnitude of purchaser activity.

Per the admitted prior art as recited in the Background of the Invention of the instant application, in the course of an initial public offering (IPO) of securities often due to the demand for the security, a purchaser is not allocated the requested number of securities. Rather, the broker, in an attempt to satisfy as many of his/her clients as possible, reduces the number of stocks and allocates them in accordance with the well-

known algorithm, i.e., rewarding his/her best clients with the most shares. Alternatively, the securities may be offered on a first come first served bases, an old and well known technique of allocation of goods which are in limited supply.

It is asserted that the problem of allocating available goods or merchandise is analogous to that of allocating securities in an IPO as discussed above. In a situation like this the entity charged with a task of allocating the goods or merchandise where there is more demand than available supply and the entity is faces with a problem of allocating the goods in a manner that may be perceived equitable to all purchasers.

Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to implement the allocation step in Woolston such that the collectibles are allocated according to teaching of the IPO offering (IPO) on the basis of a predefined algorithm which includes direct function of the magnitude of purchaser activity, because it would allow the seller to fairly distribute the limited supply of collectibles and reward certain preferred customers who are loyal to the entity offering the collectibles.

The Supreme Court mandated in *Graham*, that an analysis must be made into each of: 1) the scope and content of the prior art, 2) the differences between the prior art and the claimed subject matter, and 3) the level of ordinary skill in the art at the time the invention was made. The USPTO bears the initial burden of establishing that a claimed invention has satisfied these three inquiries. *Piasecki*. Applicants assert that the Examiner has not created a record of all three *Graham* inquiries for each of Claims 41, 43 and 82 – 85.

The Examiner admits in his above record that “Woolston fails to teach that if said total number of collectibles exceeds the predetermined number of collectibles, said step of allocating reduces the number of collectibles to be allocated to selected of the ordering purchasers in accordance with a predefined algorithm which includes direct function of the magnitude of purchaser activity.” Further, the Examiner does not challenge that Woolston does not disclose an initial offering of collectibles on the primary market as explained above with respect to Claim recitation 71 a). Further, Woolston only offers collectibles one at a time on the secondary market as detailed above with respect to Claim recitation 77 c). Finally, Woolston lacks any explicit teaching of the above recitations and fails to provide any technical, logical teaching of how the above recitations flow from the disclosure of Woolston. *Levy*.

In his above record, the Examiner asserts that the prior art includes certain methods of merchandizing securities and that such methods are analogous to Appellants' methods of offering collectibles for sale. Appellants have addressed these issues in their argument regarding Claim 70 above and, similarly, assert that the art of selling securities is not analogous to the selling of collectibles and that claims 41 and 43 are clearly patentable.

**Claim 82** is Dependent via Claim 81 on Independent Claims 77  
and Claims 83 – 85 are Variously Dependent on Claim 82

The entire record made by the Examiner (see page 30, lines 4 - 23 of the Non-Final Office Action dated June 20, 2005) to support his Section 103(a) rejection of Claims 82 – 85 based upon Woolston '265 is set out as follows:

Claims 82-85. the step of allocating further compares said number of collectibles with said predetermined number of collectibles ..reduces the number of collectibles to be allocated in accordance with a predefined algorithm (see Bezos, "Dutch Auction").

In the above record made by the Examiner, he admits that "Woolston fails to teach that the step of allocating counts the number of collectibles for which orders have been placed, -- compares said number of counted collectibles with said predetermined number of collectibles --- if said counted number of collectibles exceeds said predetermine number of collectibles, said step of allocating reduces the number of collectibles to be allocated in accordance with a predefined algorithm, -- said algorithm allocating the number of collectibles to one or more purchasers as a direct function of said purchasing activity of the one purchaser".

The undersigned does not understand the remaining part of the record reproduced above, i.e., the record reads "(per analysis of claim allocation " through "further analysis and motivation ". The remaining part of the record indicates that certain steps "are obvious" but does not specify the particular prior art that is being applied to these recitations. The undersigned requests the Examiner to clarify and, in particular, to identify the prior art on which he relies.



**ARGUMENT: The Eighth Ground of Rejection Reviews Whether the Examiner's Record Fails to Show that Applicants' Claims are obvious under 35 USC §103(a) over Woolson and are deemed to be "Non-Functional Descriptive Material"**

The Non-Final Office action dated June 20, 2005 rejects claims 119-130 as being obvious over Woolson and being deemed to be "Non-Functional Descriptive Material."

**Independent Claim 119**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 119** as being obvious over Woolson '651 being deemed to being "Non-Functional Descriptive Material," is reproduced as follows:

Claim 119. Woolson teaches a method of managing the sale of collectibles on each of a primary market and a secondary market, each of the collectibles being of a predetermined condition (col. 3 L 61-66), said method comprising the steps of:

a) offering the collectibles of given conditions for sale on the primary market to potential purchasers (refer to col. 2 L 36-40, "market maker for a particular class of goods", and "establish the dominant market for collectible antique pens");

b) facilitating one or more original purchasers to purchase the collectibles of given conditions on the primary market and to offer to a subsequent purchaser at least one purchased collectible of a given condition on the secondary market (col. 12, L 59-66 Re-post the collectible and col. 3 L 25-41); and

c) facilitating one or more original or subsequent purchasers to offer for sale on the secondary market one or more sold collectibles to one or more original or subsequent purchasers (col. 3 L 25-41 plurality of participants buying and selling collectibles...),

said steps a) - c) being implemented by a programmed computer (analyzed as in Claim 77).

Woolson fails to teach explicitly that the collectibles are of "given conditions" and the market where offering occurs is a "primary market".

However these differences are only found in the nonfunctional descriptive material "given conditions" and that markets where the offering occur are "primary" and "secondary" markets.

The offering and the facilitating are performed regardless of characterization of the condition of collectibles and/or the markets. The claim does not set apart the primary market from the secondary market other than the sequencing of the offering of the collectibles in that the collectibles are offered to one or more “original” (first time) purchasers who subsequently offer the collectibles to other purchasers.

Thus, this descriptive material will not distinguish the claimed invention from the prior art of Woolston in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983), *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

Therefore, it would have been obvious to a person of ordinary skill in the art at the time the invention was made offer the collectibles on the primary market and subsequently offer the collectibles in the secondary market as per the claimed invention because the terms “given conditions” and “primary” and “secondary” (market) do not functionally relate to the steps in the method claim and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

With respect to **Claim 119**, the record as stated above fails to disclose the following recitations: 1) “A method of managing the sale of collectibles on each of a primary market and a secondary market, each of the collectibles being of a predetermine condition” (from the preamble); and 2) “a) offering the collectibles of given conditions for sale on the primary market to potential purchasers.”

**Claim recitations 119 a) and b):** The Examiner has failed to construct a record which discloses that Woolston teaches the offering of collectibles of a given condition on a primary market. In particular, the Examiner has not shown that Woolston ‘651 discloses the Claim recitation 119 a) of “offering the collectibles of a given condition for sale on the primary market to potential purchasers” or the Claim recitation 119 b) “of facilitating one or more original purchaser to the purchase the collectibles of given conditions on the primary market”. Rather, as will be explained below, Woolston ‘651 only offers collectibles for sale to a subsequent purchaser on a secondary market.

Applicants teach that the recited “primary market” of Applicants' invention is modeled on

an initial public offering of securities, whereby a plurality or lot of new shares of securities are introduced on the primary market. In keeping with that model, the primary market established by Applicants introduces new collectibles, e.g., cards with a likeness of a particular athlete, of a given condition, i.e. uncirculated". A purchasing administrator or collectible issuer places a plurality of lots of the collectibles of a given condition, e.g., uncirculated, on the primary market. In Claim recitation 119 a), "collectibles of a given condition" are offered for sale "on the primary market to potential purchasers", i.e., potential buyers of the offered lots. Then, the "original purchasers" are facilitated "to purchase the collectibles of given conditions on the primary market". In other words, new collectible of a given condition are sold to the "original purchasers".

The Examiner asserts that Claim recitation 119 a), as reproduced and discussed above, is similar to Claim recitation 77 a), which in turn is disclosed by col. 2, lines 19 - end "electronic markets" and that Claim recitation 119 b) is disclosed by col. 3, lines 25 - 41 and col. 12, lines 59 - 66. In comparing Claim recitations 119 a) and 77 a) with Woolston '651, the Examiner remarks that the referenced "electronic market comprised both features primary market when a participant places (post) a good for sale". The undersigned has reviewed these sections of Woolston '651 with care and find that these identified parts of Woolston do not disclose the Claim recitation 77 a). Though this cited portion refers to "electronic markets" (see lines 35, 36 and 67 of col. 2), there is no disclosure that the noted market is a primary market as recited in Claim recitation 119 a) and as discussed above with respect to Claim recitation 71 a).

Applicants assert that col. 3, line 46 to line 53 of col. 4 of Woolston '651 teaches that the referenced "electronic market" refers only to Applicants' secondary market and not to Applicants' primary market. First, a review of the noted passage and all of Woolston does not find mention of what is the original source of Woolston's collectible, the given condition of the collectibles or that the original purchasers had purchased such collectibles on a primary market. Further, Woolston '651 does **not** disclose the original source or issuer of the collectibles, or that either Woolston's "consignment node user" or "participant" is Applicants' recited original purchaser. Rather, Woolston '651 discloses that its consignment node user can prepare the user's collection

cards for sale on a market one card at a time by first digitizing a card and entering that digital record into the data storage device 22 of the consignment node as shown in Figure 1. Woolston's collection of cards are now ready to be browsed and purchased by the participants. See col. 3, lines 42 - 61. In a second embodiment of Woolston '651, a participant or local resident may prepare its card for sale by taking it to the local card store and "tells the consignment node user he would like to offer his --- card for a consignment sale". In a fashion similar to the first embodiment, the consignment node user of Woolston '651 digitizes the card and stores the digital record in its storage device 22 in preparation to being offered for sale. See col. 4, lines 12 - 37. Woolston '651 is silent as to how the assignment node user or the participant obtained its collectibles, much less describe offering them for sale on a primary market.

**Woolston/Bezos Do Not Teach Purchasing Collectibles on a Primary Market and Selling Collectibles on a Secondary Market:** As recited in **Claims 119a and c**, Appellants further assert that their claim 119 distinguishes Woolston. In particular, claim 119, paragraphs (a) and (c) recite a method of managing the sale of collectibles on primary and secondary markets, whereby the collectibles are offered to the potential purchasers on the primary market. The purchasers of the collectibles on the primary market are enabled to offer for sale the purchased collectibles on the secondary market. It is respectfully asserted that Woolston does not disclose the purchasing of collectibles on the first market and, thereafter, offering for sale the purchased collectibles on a second market.

Appellants respectfully assert that claim 119 is functional descriptive material. In particular, the recitations of this claims relate to collectibles of a given condition as recited in the preamble and "the offering" occurs in a primary market as recited in step a) and, thus, are available to distinguish the Woolston patent, whereby this claim is unobvious under 35 U.S.C. Section 103(a). The recitation of collectibles of a given condition in claim 119 is dependent on offering in step a the collectibles of a given condition, and offering collectibles on a primary market is functionally related to original purchasers who purchased the offered collectibles.

**Claim 120 Dependent from Claim 119**

The entire record made by the Examiner in the June 20, 2005 Office Action supporting the Examiner's §103(a) rejection of **Claim 120** as being obvious over Woolston and being deemed to be "Non-Functional Descriptive Material," is reproduced as follows:

Claim 120. step of determining the predetermined condition of each of the collectible on sale on the primary market (col. 3 L 61-66) presence of condition of the collectible(s) inherently teaches the determining of the predetermined condition).

With respect to **Claim 120**, the Examiner's record does not disclose the following recitation: "determining the predetermined condition of each of the collectibles on sale on the primary market" for the reasons discussed about with respect to Claim recitation 71 e).

**Claim 121 Dependent from Claim 120 and Claim 122 Dependent from Claim 121**

The entire record made by the Examiner in the June 20, 2005 Office Action supporting the Examiner's §103(a) rejection of **Claims 121 and 122** as being obvious over Woolston and being deemed to being "Non-Functional Descriptive Material," is reproduced as follows:

Claims 121 and 122. further including the step of maintaining the predetermined condition of the collectibles at a source thereof in a benign environment and wherein the step of maintaining keeps the collectibles offered for sale on the source in the primary and secondary markets at the predetermined condition.

(Col. 17 L 66- col. 18 L 5, long term storage facility).

With respect to **Claim 121**, the record does not disclose the recitation of "maintaining the predetermined condition of the collectible at a source thereof in a benign environment" as discussed above in detail with respect to Claim recitation 71 e). With respect to **Claim 122**, the record does not disclose the recitation of: "the step of maintaining the collectibles offered for sale on the source in the primary and secondary markets at the predetermined condition" as discussed above with respect to Claim limitations 71 e) and 71 d).

**Independent Claim 123**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 123** as being obvious in view of Woolston '651 and being deemed to being "Non-Functional Descriptive Material," is reproduced as follows:

Claim 123. Woolston teaches a method of managing a sale of at least one

collectible to at least one original purchaser on a primary market, a resale of the one sold collectible to at least one subsequent purchaser on a secondary market, and keeping track of these sales and resales of the one collectible respectively to the one original purchaser and to the one subsequent purchaser on a data base, (refer to analysis of prior Claims 77-95) said method comprising the steps of

- a) responding to the sale on the market of the one sold collectible to the one original purchaser to create a record in the database for receiving data identifying the one sold collectible and the one original purchaser who owns the one collectible (refer to Fig. 12, “sold” and “fore sale” data base), col. 14, L 57-63);
- b) responding to the resale on the secondary market of the one resold collectible to the one subsequent purchaser to create a record in the data base for receiving data identifying the one subsequent purchaser of the one resold collectible; and
- c) said steps a) and b) being implemented by a programmed computer (refer to Fig. 12, “sold” and “fore sale” database), col. 14, L 57-63).

Woolston fails to explicitly recite the purchasers as “original” or “subsequent” purchasers and the characterize sale and resale of the collectible in terms of “primary” and “secondary” markets.

However these differences are only found in the nonfunctional descriptive material i.e. the purchaser being an “original purchaser” and the markets where the offering occur as being the “primary” and “secondary” markets.

The offering and the facilitating are performed regardless of characterization of the condition of collectibles and/or the markets. The claim does not set apart the primary market from the secondary market other than the sequencing of the offering of the collectibles in that the collectibles are offered to one or more “original” (first time) purchasers who subsequently offer the collectibles to other purchasers.

Thus, this descriptive material will not distinguish the claimed invention from the prior art of Woolston in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983), *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

Therefore, it would have been obvious to a person of ordinary skill in the art at the time the invention was made offer the collectibles on the primary market and subsequently offer the collectibles in the secondary market as per the claimed invention because the terms “given conditions” and “primary” and “secondary”

(market) do not functionally relate to the steps in the method claim and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

With respect to **Claim 123**, the record as reproduced above fails to demonstrate that Woolston '651 discloses the following recitations: 1) "The method of managing a sale of at least one collectible to at least one original purchaser on a primary market, a resale of the one sold collectible to at least one subsequent purchaser on a secondary market, and keeping track of these sale and resale of the one collectible respectively to the one original purchaser and to the one subsequent purchaser on a database" (from the preamble); 2) "a) responding to the sale on the primary market of the one sold collectible to the one original purchaser to create a record in the database for receiving data identifying the one sold collectible and the one original purchaser who owns the one collectible"; 3) "b) responding to the resale on the secondary market of the one resold collectible to the one subsequent purchaser to create a record in the database for receiving data identifying the one subsequent purchaser of the one resold collectible"; and 4) "c) said steps a) and b) being implemented by a programmed computer".

**Preamble of Claim 123:** Applicants respectfully assert that the recitation "of managing a sale of at least one collectible to at least one original purchaser on a primary market" is **not** taught by Woolston '651. As discussed in detail above with respect to Claim recitation 119 a), Woolston does not teach that the original purchasers had purchased such collectibles or that Woolston's "consignment node user" or its "participant" is Applicants' recited original purchaser.

The Examiner asserts that his analysis as applied to Claims 77 - 95 is also relevant to the preamble of Claim 123. The Examiner's analysis to reject Claim recitation 77 a) relies on col. 2, lines 19 - 67. Applicants' review of this portion of Woolston finds no disclosure offering collectibles for sale to an original purchaser as described above in detail with respect to Claim recitation 119 a).

**Claim Recitations 123 a) and b):** The Examiner relies for his rejection of recitations 123 a) and b) upon col. 14, lines 57 - 63, and a "sold" database 816 and a "for sale" database 814 as shown in Figure 12. Applicants have reviewed these portions of Woolston '651 and finds them to provide minimal description of the mentioned databases. In particular, Woolston '651

fails to disclose a first step of responding to a sale on the primary market to store in the database a record of the original purchaser, or a second step of responding to a sale on the secondary market to store on the database a record of the subsequent purchaser. Further, Applicants' first and second steps are carried out automatically by a programmed computer as recited in Claim recitation 123 c) without human intervention to initiate a program or to enter data as disclosed by Woolston '651.

In contrast to the Applicants' method, Woolston '651 explicitly teaches that a consignment node user digitizes the picture shown on the collectible card and loads that digitized image in the record. Next, the user adds a description of the card to the record to be stored on the database. See col. 3, line 42 - line 2 of col. 4, and col. 4, lines 13 - 26 of Woolston '651. Further as described in these aforementioned passages, Woolston only discloses the constructions of records for corresponding goods or collectibles and not the original or subsequent purchaser as recited in Claim recitations 123 a) and b).

Appellants respectfully assert that claim 123 is functional descriptive material. In particular, the recitations of this claim includes "original and subsequent purchasers" and "primary and secondary markets" and, thus, are available to distinguish the Woolston patent, whereby these claims are unobvious under 35 U.S.C. Section 103(a). Thus, the recitation of original and subsequent purchasers functionally relates respectively in steps a) and b) to establish corresponding accounts in a database for the original and subsequent purchasers, and conducting the purchases on primary and secondary markets respectively.

**Claim 124 Original Dependent from Claim 123**

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 124** as being obvious in view of Woolston '651 and being deemed to be "Non-Functional Descriptive Material," is reproduced as follows:

**Claim 124.** wherein the sale of the one collectible includes the offering of collectibles to potential purchasers and receiving orders from the ordering potential purchasers, and said step a) responds to the receiving of each of the orders of potential purchasers to create a record in the data base for receiving data identifying one of the potential purchasers (refer to Fig. 12, "sold" and "fore sale" database), col. 14 L 57-63).



Applicants assert that col. 14, line 57 - 63 disclosed a record storing “the goods for sale” in contrast to the recited step of creating a record for the database that carries data “identifying the one subsequent purchaser of the one resold collectible.

**Claim 125** Dependent from Claim 123, each of **Claims 126-127**  
Dependent from Claim 125, and Claim 128 Dependent from Claim 127

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claims 125-128** as being obvious over Woolston ‘651 as being deemed to be “Non-Functional Descriptive Material,” is reproduced as follows:

Claims 125-128. further including a step of maintaining the condition of the one collectible (refer to Claim 71 step c) and Claims 104-107 analysis).

Woolston does not disclose the maintaining the condition of the collectible as discussed above with respect to Claim recitation 71 e).

**Claim 129** Dependent from Claim 125

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §102(e) rejection of **Claim 129** as being obvious over Woolston ‘651 and being deemed to be “Non-Functional Descriptive Material,” is reproduced as follows:

Claim 129. further including a step of receiving and responding to a request of the original purchaser to forward the one sold collectible and to encapsulate the one sold collectible, whereby the condition of the forwarded one collectible is maintained (col. 12 L 59-66 and col. 18 L 1-5, long term storage).

Woolston ‘651 does not teach the responding to an instruction of an original purchaser to “encapsulate the one sold collectible” as recited in Claim 129 for the reasons set out in Applicants' analysis with respect to Claim recitation 115 c).

**Claim 130** Dependent from Claim 125

The entire record made by the Examiner in the June 20, 2005 Office Action to support his §103(a) rejection of **Claim 130** as being obvious over Woolston ‘651 and being deemed to be “Non-Functional Descriptive Material,” is reproduced as follows:

Claim 130. further including a step of receiving and responding to a request of the subsequent purchaser to forward the one resold collectible to the subsequent purchaser and to encapsulate the one resold collectible, whereby the condition of the

forwarded one collectible is maintained (col. 12 L 56-59, participant elects to ship goods).

The portion of Woolston '651 cited by the Examiner, col. 12, lines 56-59, merely discloses that the purchaser may elect to ship the purchased goods by attaching shipping labels, but fails to disclose the encapsulation of the purchased collectible to maintain the condition of the collectible, as recited in Claim 130, not only during the offering on the primary and secondary markets, but also to continue the protection of the collectible as it is forwarded to the subsequent purchaser.

### **CONCLUSION AND RELIEF REQUESTED**

The Examiner has failed to create a record that establishes a *prima facie* showing that the appealed claims 102, 103, 49-51, 56 and 57 are anticipated under 35 U.S.C. §102(e), and that the appealed claims 70, 41, 43, 82-85 and 104-109, 71, 72, 34-38, 44-48, 73-76, 73-84, 86-95, 73-76, 59-61, 96-101, and 110-141 are obvious under 35 U.S.C. §103(a). In particular, the Examiner has not produced a prior art reference or even a combination of such references that discloses each recitation of the above identified rejected claims. Further, the Examiner has rejected claims 71, 72, 34-38, 41, 43-48, 59-61, 73-76, 86-95, 110-115, 130, 82-85, 102, 104-109 and 115-130 as being nonfunctional descriptive material without providing a sufficient explanation or citation of authorities to support his rejection.

The Examiner has also misinterpreted the '531 Woolston patent when he asserts that this reference teaches among other steps or elements as detailed above the following aspects of Appellants' invention: 1) offering collectibles on an initial or primary offering; 2) an issuer of the collectibles, 3) keeping at least one collectible in a benign environment during at least the initial placement of the collectibles; and 4) creating a record for a prospective purchase in response to receipt of an offer to purchase a collectible from the prospective purchaser.

Appellants hereby reserve their right to request an oral hearing. The fee set forth is enclosed with the accompanying Fees Transmittal.

In view of the Examiner's failure to establish a *prima facie* showing that the claims were anticipated and/or obviated by the cited prior art, and/or that the claimed subject matter was nonfunctional descriptive material, Appellants respectfully request that all of the present rejections as asserted by the June 20, 2025 Office Action be withdrawn and that this application be remanded to the Examiner with instructions to allow all of the claims 34-38, 41, that 43-52, 54-57 and 59 -141 presently under appeal.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R. Lewis Gable", written in a cursive style.

R. Lewis Gable

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